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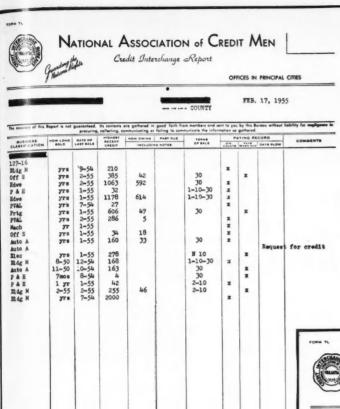


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cities.

### **Editorial**



### SPIRITUAL VALUES

THROUGHOUT all history runs one very clear lesson which people are begining to study earnestly. The lesson is that in any great advance, scientifically or even in the field of credit, we must not be so occupied and so intrigued by our material progress that we forget the need of strengthening our spiritual values.

These values I write of in the broadest sense. They include good ethics in business. Here and there are evidences of deceitfulness in business transactions. This is irreligious. Good spiritual values mean respect for our credit and exercise of care in its use and conservation. We see signs all about us that this respect is being liquidated. Spiritual values mean the development of self-reliance, the love of home and family, the recognition of a Supreme Being. We boast of our freedom of religion, and while we do we wish we could boast of our practice of religion. That is what is needed if we are to fulfill our destiny. The great participation in Easter worship this year, for example, was most heartening.

This is not a sermon from the pulpit. It is a factual statement drawn from the pages of history. Look back at any nation that once had great power and influence for good. You will find it fell upon evil days when it forgot about the need of nourishing its soul.

We are presently engaged in a great battle between two philosophies. The one espoused by the Kremlin is irreligious. The philosophy of the free world is a religious philosophy. The marshaling of a strong practice of religion, the rebirth of faith in a Supreme Being, the constant application of our religious beliefs (whatever they may be) could be as powerful a force as atomic bombs in dealing with the problem of Communism. No one knows this better than do they who seek to bring about the destruction of religion and faith. It is the one insuperable barrier they cannot surmount, try as hard as they may. Let us make it firmer. Let us who are in the field of private credit recognize that it would be God's wish that we use credit for industry and for human welfare and not for waste or indolence.

HENRY H. HEIMANN, Executive Vice President

#### THE JUNE COVER

IF there is to be teamwork within a company to reach the maximal profit-volume goal of today's business, then there must be a team-a good team that knows the signals and the plays and has what it takes to tote that ball. Here's how Walter N. Kuntz (left), vice president and general manager, Southwestern Drug Corporation, Houston Division, has his key men line up to tackle a program or problem. (See Mr. Kuntz's article on page 16).

Left to right: Mr. Kuntz; Walter L.



Cribbs, credit manager, Houston Division; W. C. Harper, design and merchandising department, Houston Division; Russel G. Koeneman, designerconsultant, design and merchandising department general office, Southwestern Drug Corporation, and James A. Bryant, manager of the design and merchandising department of the Houston Divi-

Mr. Cribbs, long in the drug industry, in 1912 joined the early Houston Drug Company, predecessor of Southwestern Drug Corporation, in various capacities in the accounting department before becoming Houston Division credit manager in 1950. He is a member of the Houston Association of Credit Men.

Following graduation from Texas A & M, Mr. Harper was employed as coordinator for distributive education, Texas Education Agency, then turned to the retail drug business in Levelland and was for a time a drug salesman for Southwestern's Amarillo Division. Last year he was transferred to Houston.

Mr. Koeneman studied at St. Bernard College and Georgia Institute of Technology before joining National Show Case Company as designer and special representative, southeastern territory. Moving to Texas in 1950, he became designer-consultant for Southwestern Drug's newly formed design and merchandising department.

The department, by the way, offers a complete service, and more than 420 new or remodeled drug stores in the southwest have been so stylized, in fact, one of every six registered pharmacies.

Mr. Bryant, son of a registered pharmacist, grew up in drug store work while attending high school and East Texas College. He was with the Walgreen Company from 1934 to 1939, later with Borden Ice Cream Company as city salesman. In 1947 he joined South-Western Drug as manager of the Houston Division's design and merchandising department.



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#### **VOLUME 57**

#### NUMBER 6

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# WASHINGTON



MHILE rejecting newly proposed amendments giving special tariff protection to specific commodities, the reciprocal trade bill as passed, 13 to 2, by the Senate finance committee did adopt a compromise amendment giving the President authority to impose quotas on imports if he decides that such imports harm domestic industries vital to national security.

The compromise came as a substitute for an amendment by Sen. Matthew M. Neely (Dem., W. Va.) and 16 colleagues that called for a quota of 10 per cent of domestic production on foreign oil imports.

Another amendment gives certain industries greater protection under the "escape clause", which provides that a tariff concession be amended or withdrawn when imports of a commodity threaten to injure the domestic economy seriously.

Sen. Walter F. George (Dem., Ga.) said the measure as sent to the Senate is a "whip" which the President could hold over imports, to protect domestic industry.

Protection for the textile industry against Japanese competition, a third important amendment, had been adopted earlier.

MHEN the Senate finance committee by a vote of 11 to 1 declared for favored treatment for textiles in foreign trade negotiations, the members reflected their cognizance of both the economic plight of the industry and the handicap it faces in imports from countries where the labor rate is a fraction of that paid workers in the United States. Senator George Malone (Rep., Nev.), arch foe of the trade program, cast the lone ballot against the amendment offered by Sen. George.

The George amendment hit at the Reciprocal Trade Bill (HR 1) in several directions, but was directed at that section of the bill which concerns current negotiations with Japan and would empower the President to reduce duties on Japanese imports as much as 50 per cent under the level of July 1, 1945. The resolution as approved by the House would permit the President to make additional reductions of 5 per cent each year for the next three years (15 per cent total) off the rates prevailing on July 1st this year. The textile industry had protested this could mean first the 50 per cent cut and then 15 per cent additional. The George amendment specifies that the President could not make the additional 15 per cent

cut if rates were now reduced more than  $15~\mbox{per}$  cent from the 1945 figure.

Some 300 additional items involved in the negotiations with Japan are affected by the George amendment, among them chemicals, chinaware, glassware, agricultural, fish and metal products.

The George measure also eliminates the bill's provision that the President may reduce tariffs 50 per cent below the 1945 rate on items imported in "negligible" amounts.

Another sidelight: several of the senators who voted for the George proposal are known to favor an amendment that would limit imports of oil to 10 per cent of domestic consumption. A case of troubling the waters by pouring on oil

REFLECTING the intention of the Eisenhower Administration to maintain its position favoring a system of trade rules for international operations, the United States, through Samuel C. Waugh, assistant secretary of state for economic affairs, signed at Geneva the six protocols involved in the revised General Agreement on Tariffs and Trade (GATT), and an Organization for Trade Cooperation.

As this is written, Congress still is to act on the Organization protocol. Though it is not considered by the Department of State to be a treaty, which would need two-thirds Senate vote, the President had said March 30, 1954, that he would abide by the results of a simple majority vote in each house.

To meet objections previously voiced in Washington, a State Department spokesman said the United States "would retain its freedom of action" under the trade cooperation organization, which "would be empowered to sponsor international trade negotiations and to serve as an intergovernmental forum for the discussion and solution of other questions relating to international law."

Erich Wyndham-White, executive secretary of GATT, called it "a fair trading system supported by a code of international conduct effectively administered by a strong organization."

By the signing the United States was the first government to commit itself to continuation, until Dec. 31, 1957, at least, of the world tariff truce

■ AT LEAST 3 per cent of the national cotton acreage allotment is needed to care for individual hardship cases, says an agriculture subcommittee of the House. ¶ Liquidation or reorganization into self-supporting units and merger into private operation, recommended for 104 federal agencies, would save \$200 millions annually and return to the Treasury \$6.25 billions in capital funds, says the Hoover Commission.

Reorganizing for private financing (see the amounts thus savable) was proposed for the following: Federal National Mortgage Association, \$2,233,000,000; Rural Electrification Administration, \$2,092,000,000; Federal Intermediate Credit Banks, \$62 millions; banks for cooperatives, \$150 millions.

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The Commission called for liquidation of the following agencies, and listed the savings which could be effected: Export-Import Bank, \$1,428,192,000; revolving fund under Agricultural Marketing Act, \$36 millions; 12 production credit corporations, \$46 millions; Federal Farm Mortgage Corporation, \$16 millions; college housing loans, \$155,751,000.

Wider application of the Federal Land Banks and the Federal Deposit Insurance Corporation was recommended, but the Federal Housing Administration and the REA would become private enterprises under Government control. Instead of direct price support loans to farmers, the latter would have the option of selling to the Government or to private buyers, under a federal policy of making crop purchase contracts at price support levels.

¶ A 27 Billion outlay for new plant and equipment this year, a 1 per cent increase over '54 though \$1.3 billions below 1953, is predicted under the joint survey by the Securities and Exchange Commission and the Department of Commerce. This would include a 7 per cent spending increase by commercial companies, 4 per cent by public utilities. Manufacturers, with \$10.7 billions, would be showing a 3 per cent drop, railroads 11 per cent less, and mining companies 8 per cent under the 1954 figure. Prediction on sales volume is 4 per cent above 1954 by manufacturers, 6 per cent more by trade companies, 17 per cent above by mining concerns.

ROBERT McKINNEY, New Mexico newspaper publisher, heads a civilian advisory committee established by the joint Congressional atomic energy committee to assist in expediting its peaceful use.

¶ PLANT all the wheat you wish provided the surplus is used for feeding the stock, farmers will be told if a bill approved by the Senate agricultural committee becomes a law. The committee also reported out a bill to permit federal split of conservation improvement outlay by private owners on federally-owned adjacent ground not used for crop production.

More housing units than in record-breaking 1954 is the outlook as Administrator Albert M. Cole looks out over the scene. He says a total of

1.3 million units is quite possible, comparing with the 1.22 of last year, and with 1956 holding close to this year's number. In 1960? The rate of family formations rising again, and, to fill the gap in his roseate picture, better quarters being taken by lower-income folk.

THE LAW requirement that half of all shipments be in American bottoms has not delayed any cargoes of the Foreign Operations Administration, though F.O.A. officials told a subcommittee of the House committee of the interior that there is a worldwide shipping shortage, to be relieved soon.

■ RIGID enforcement of anti-merger legislation, with case-for-case study, and outright repeal of Fair Trade are among the recommendations of Attorney General Herbert Brownell's 60-man committee following a two-year survey. Among other recommendations are these:

Enact a new law to clip labor activities that lessen competition; empower the attorney general to subpoena private records of corporations during civil antitrust investigation; boost to \$10,000 the maximum penalty (now \$5,000) for Sherman law violation; give federal judges discretionary authority to award less than treble damages in private antitrust cases, and have the justice department make periodic surveys as to effectiveness of judicial decrees in restoring competition; authorize the Government to sue for actual damages incurred by the Government in antitrust operation.

Action taken by an agriculture subcommittee of the House calls for repeal of a 1954 farm act provision that denies soil conservation payments to farmers failing to comply with crop production restrictions.

■ BOTH the American Farm Bureau and the National Grange asked approval of a measure to eliminate the provisions in the farm act under which the Commodity Credit Corporation is permitted to finance sale of privately owned stocks under condition the private exporters agree to buy the same value or quantity of that commodity from the C.C.C. The two farm organizations' representatives said the provision impeded trade.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

### Executives Vote Split Ticket on This CFM Question:

# Is Credit Distribution

"Resolved:—That credit management should be considered a distributional function rather than a treasury or accounting function."

CHAMPIONS of the affirmative come within one vote of a tie in executive judgment expressed to Credit and Financial Management on a most provocative subject which finds one-fourth of the participants convinced that the credit function is or should be

independent of both Sales and Treasury.

With company presidents, controllers, treasurers and credit executives participating, perhaps most significant is the frequency of the conclusion that Credit "must walk between the rows" or "in the middle of the road," reporting directly to the president or the board of directors and answerable to neither the treasury nor the distribution department but working in the closest liaison with each.—Ed.



Credit Has Top Sales Job; Must Sell More Than Goods

O. J. ABBOTT

President

The Red Dot Oil Company

Denver, Colorado

WITHOUT QUESTION, credit is one of the main distributional functions of any organization in the wholesale business. It is to a lesser degree a mainstay of retail business.

Our credit man reports direct to me and his policies are discussed with me personally prior to their enactment.

I feel that the management in any organization must heed the problems of the credit manager almost before he heeds those of other departments, because unless the credit policy is on a sound basis there is not sufficient money to produce sales of merchandise.

The credit manager of any organization controls the amount of distribution of that company's goods. He must help the merchandise salesman maintain and coordinate the customer relationship with the company, extending and building the credit extended by wise counseling of both the salesman and the customer.

A credit manager in any wholesale organization must be a salesman on a par with the top salesman. He not only sells in a secondary capacity the merchandise distributed but must sell himself as well as his company to the customers. I am certain we are all salesmen in some respect, but I think that a credit man, whether he be called Manager of Credit Sales or Credit Manager, has a rougher type of salesmanship to face and put forth than an individual selling strictly merchandise.

Although for many years I was credit manager of our company here, and have since increased my responsibilities, I realize that without the excellent credit man that we have, our company would be in dire straits in a short period of time.

Credit Management Gears Policy to Sales Potentials

D. H. McKENZIE

Treasurer

Binswanger & Co. of Tennessee

Memphis, Tennessee



I FIND myself leaning towards treasury and fiscal functions which lead to "credit management at the very top level." It is also necessary that I state in effect that top credit management certainly is a part of the distribution function.

The authority for my argument is based on 12 years of personal experience in credit and fiscal functions of my company, five of those years in the capacity of controller

Two essentials are:

(1) Complete understanding of the capital structure of your company.

(2) Sufficient accounting knowledge to properly ap-

praise customer financial statements.

Among the many qualifications for good credit management are adaptability, thoroughness, even temperament, firmness, foresight, quickness of decision, and education. These qualifications, spearheaded by the two points mentioned, will disclose important facts, such as those for determining "terms of sale," which must be kept in line with your firm's capital structure. The complete financial structure must be geared to a credit policy in keeping with the anticipated volume contemplated for a sound operation based on a fair return for the invested capital.

This same fiscal understanding you have of your own business must be geared to your customer's business and his ability to pay, his character, capacity and conditions.

If these treasury and fiscal functions are properly executed, the distribution function will naturally follow, provided your company is endowed with a satisfactory sales organization.

### Should Be Independent and Report to President, Most Declare

# Treasury Function?

THE discussions on these and following pages are condensations of articles submitted for the CFM debate-in-print. The complete texts of these and many more participants will be published as a booklet within its own covers, procurable with orders for the 1956 Credit Manual of Commercial Laws, now in preparation. You are invited to join the unabridged discussion.



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Basically Treasury Function; By Nature a Part of Sales

A. A. SCHIRMER
General Credit Manager
The American Sugar Refining Corp.
New York, New York

This proposition cannot be answered by an unqualified "yes" or "no". The credit executive, basically and primarily responsible for the collection of his company's investment in its accounts receivable, is logically a part of the treasurer's organization, but the very nature of credit makes it a part of every sales contract.

The credit executive's division is logically answerable to Top Management, through the treasurer or financial vice president, for the collection and turnover of receivables and a bad debt loss ratio which is in line with management's views. These matters should be clearly and thoroughly defined to both the sales and credit executives, to minimize any possible misunderstanding on policy matters and assure a harmonious approach to day-to-day problems.

However, Credit is a natural and collective part of distribution. How shortsighted it would be for companies to spend enormous sums to advertise and promote their products if, when it comes to the closing of sales, their efforts were handicapped by a negative policy administered by a credit executive lacking imagination and perspective.

Fortunately such individuals are rarely found. I am sure the great majority are thoroughly qualified with a salesminded approach. To that extent, then, credit executives are part of the sales team, and together with sales management should cooperate in the proper indoctrination of all those attached to the sales and credit departments for the best interests of the company.

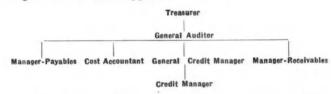
The salesminded credit executive should not only encourage his own associates along affirmative lines but should be invited to attend sales meetings for exposure to new advertising programs, promotional ideas, new products and all the many facets of a successful sales organization. This will give him the necessary background to do a selling job with his associates in Credit.

In many cases increased volume can come only from the marginal or fringe risks, which provide the credit executive with a unique opportunity to utilize his experience and knowledge to the utmost. Flexibility, adaptability and especially the knack of getting along with cus-(Concluded on following page) Capital Turnover Fixes
Credit as Treasury Action
J. J. WENSTRUP
Credit Manager
B. F. Goodrich Chemical Co.
Div. of The B. F. Goodrich Co.
Cleveland, Ohio



THE RESPONSIBILITY of the credit manager completely revolves about the turnover of working capital. Working capital is but one facet of the complete financial picture. Overall responsibility for financial management rests with the treasurer. Therefore it is logical that credit management should continue as a function of the treasury operation.

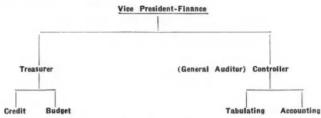
B. F. Goodrich Chemical Company places full responsibility for the credit function under the treasurer. The organizational chart appears as follows:



As can be seen from the above diagram, accounting and financial management details are channeled through the general auditor.

As expansion continues and the volume of work falling within the scope of the general auditor increases, alignment seems logical on the following basis, separating the more or less unrelated functions of accounting (record of what has happened) and financial management (shaping of what is to be done financially):

Credit has no more right to consider itself a portion of the merchandising triumvirate than Advertising, or Traffic, or Research.



Management rank is based on responsibilities and risks taken. Any position in today's larger corporations
(Concluded on page 38)



#### Labels Differ But All Have Same Goal—Company Earnings

J. J. KILLACKY General Credit Manager John Sexton & Co. Chicago, Illinois

In our business, as general credit manager I have been a director for almost 25 years, in charge of credits. We certainly consider ourselves in our business as part of the team making earnings for our company. The fact that some of us are labeled Production, others Sales, others Credit, is only definitive of functions, in the ultimate aim of serving our customers well, so that we may have earnings.

Our sales and credit departments work in close liaison.

#### Credit and Sales Don't Mix But They Act Catalytically to Increase Profits

P. E. SCHENCK, Credit Manager, Container Corporation of America, Philadelphia, Pennsylvania

I WONDER sometimes what we in credit are trying to prove: that we are salesmen?—public relations men? Anything but credit men!

In that section of the oil industry devoted to obtaining the raw product there is a process of flotation. Water is pumped into wells and the oil rises to the surface, where it becomes readily obtainable.

I like to think of credit and sales in that light. Place oil in a can and call it sales—it is visible and tangible. Add water and call it credit—it is invisible, but powerful enough to raise the level of the oil. Add too much and there is a wasteful overflow. The two cannot mix, which is their main advantage, and so it is with the functions of sales and credit.

Every branch of commerce is related to the other, but each side is controlled by management. It seems no more realistic to put credit under distribution than to do so with production. All businesses appear to have their glaring examples of poor credit decisions which were made by other

For a good many years the credit manager was best known for saying "No". Then, as the economy moved into mass markets, credit became recognized as an important part of sales planning. This influence became so

#### Reports to the President

"In our organization the treasurer has the full responsibility of credit and collections; I feel that credit is an important function of the treasurer's office, and do not consider it primarily a distributional function," writes A. N. Masucci, treasurer, Hickey-Freeman Co., Rochester, N.Y.

"Our policy over the years has been a liberal one. We work very closely with all our accounts, particularly those that are regarded as marginal risks

"Reports are made to the president of the company."

pronounced that many newcomers to the credit profession were overly governed by sales. In the main, little damage was done, because during lush times very few credit problems arose. However, more recently bank ruptcies have been increasing and profit margins slipping. A too-sales-conscious credit manager finds himself involved in most of the failures occurring in his sales area. Today it takes a much larger increase in sales to replace the profit loss on each bad debt charged off. Therefore the present trend in credit management is and should be toward balance.

It is generally appreciated that a sales manager has a slanted viewpoint. This is good. He wants sales. It is his motivation. Most sales managers do not want to inject themselves into credit decisions. As long as there are sales specialists this viewpoint will exist. Place them in positions of general managers (they make good ones) and they have the ability to see each function in its proper proportion.

A credit manager must walk between the rows. He should be schooled in sales, but not subject to its pressures. Today he can no longer be just a financial man; he must also be a salesman always aware of potential, a diplomat able to get along with everyone. Yet he must also be "independent." This is the balance to which I refer.

In our company Credit answers to Treasury, period. Day-to-day operations are routine and special problems are discussed with Top Management. Credit opinions weigh heavily in the matter of marketing, whether it be new products or fields.

I am somewhat surprised at the trend toward changing the credit manager's title. I doubt there is any advantage in "Credit Sales Manager," "Customer Relations Manager" or "Treasury Representative," although the last one is at least descriptive. Sooner or later someone will have to let the customer in on the secret that each of these actually means credit manager. Is this so bad? So long as our duties are primarily to protect accounts receivable, our responsibilities should be to the officer in-charge of cash availability. Like the certified public accountant, our title will command the respect we seek when our function is recognized by our contribution. The wisdom of answering to the treasurer will then become more apparent.

#### A. A. SCHIRMER

BEGUN ON PAGE 9

tomers, so that he is accepted as a friend and consultant when necessary, are attributes of a successful credit executive, just as they are for other employees contributing directly to distribution through contact with the trade. The credit man himself must get out on the road and meet his customers personally. In only that way can he reach an independent opinion of the risk.

Yes, credit is part of the overall sales team, but this does not necessarily mean that it must be a division of the sales department. Quite the contrary, it would lose its independence of action, and most enlightened sales managers would hesitate to accept the dual responsibility imposed by final authority in the ultimate credit decision.

It seems to me the ideal organization chart places Credit directly under the financial executive, with a clear definition of its rights and prerogatives to minimize differences of opinion on policy. With such a setup, credit terms can be administered wisely and judiciously, with an enthusiastic and constructive program in every phase of the department's activities.



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#### Credit a Division Operation In Treasury—Best for Some

K. T. BACON
Credit Manager
Minnesota Mining & Mfg. Co.
St. Paul, Minnesota

I DO NOT feel that I could conscientiously take either side on this resolution. In our own organization credit management is directly responsible to our treasurer.

We manufacture and sell a widely diversified line of products to a widely diversified group of industries, directly to manufacturers and through jobbers. In each of our divisions we have a vice president in complete charge of the operation—production, marketing, costs. Our credit department is a staff operation serving each of the divisions.

In this type of organization we believe that Credit directly responsible to the treasury group is in a position to operate best for the good of the company. On the other hand, in a highly specialized type of operation, where you may be manufacturing and selling a closely related line of products to a particular outlet, such as the farm machinery industry selling to farm machinery dealers, it would be entirely possible for credit management to take on more of a distributional responsibility.



#### Credit Can't Afford Sales Bias, Needs Treasury View

T. E. GOODRUM

Credit Manager

Igleheart Brothers Div.

General Foods Corp.

Evansville, Indiana

CREDIT management is a treasury operation, for the following chief reasons:

(1) The extension of credit is the same as a loan of money to the customer—cash, or its equivalent, is certainly a part of the treasurer's function.

(2) If the credit management function were part of, or reported directly to, the sales management, there might be a tendency to take too many unwarranted risks in order to maintain or better the sales quota.

(3) There also might be a tendency to grant special terms, that is, special cash discounts, extended payments, and so forth, in order to obtain orders from new customers, not giving the same to the old, established customers.

(4) Pressure might be applied to obtain approval on new orders even though the account is past due or the customer has been taking unearned discounts.

We in General Foods follow this policy (Igleheart Brothers is a part of the Associated Products Division of General Foods Corporation).

The general credit manager of the corporation, who is responsible for the development and application of corporate policies and practices pertaining to credit and collections, reports to the treasurer. (See pages 22-23)

#### Should Be an Independent Operation, Says A. E. Duncan

IN GENERAL, a company's credit department should be linked most closely to the distribution operation, rather than to the treasury, Alexander

E. Duncan, founder chairman of Commercial Credit Company, Baltimore, told CFM.

"The credit and sales functions work together before and during the selling, the credittreasury function after the sale," Mr. Duncan observed.

"However, the credit department should be an independent operation, in no sense subordinated to the sales department."



A. E. DUNCAL

However, each operating unit or division of General Foods has its own responsibility for profit. The responsibility for credit and collections rests with operating management, and is delegated to the credit manager, who in turn reports to the plant controller.

We in General Foods are very salesminded, but we don't believe in the extension of credit where there apparently isn't any basis for it. Therefore, only those firms whose principals have a clear record of integrity and who appear to have sound business ability are considered worthy of open account terms.

#### Credit Customer Relations Is Other Half of the Sale

O. E. DEDE Credit Manager Krey Packing Co. St. Louis, Missouri



CREDIT management should be considered a distributional function rather than a treasury or accounting operation. Among the facts that support this conclusion are the following, recognized by credit managers:

(1) Sales and profit are the lifeblood of business, important to buyers as well as sellers.

(2) Marginal accounts, in goodly number and important to the sales department, often develop into excellent customers.

(3) Good customer relations are a necessary link to the larger established accounts, to smooth out errors in bookkeeping, discount perplexities, and claims.

(4) In the absence of an export department, Credit can perform an important service of supervision of training for the handling of documents on shipments overseas.

(5) Selling is only the half of maintenance of good customer relations. Special service of accounting requirements, beyond the scope of sales understanding, must be met, as corner stores are supplanted by supermarkets, chain stores and buying organizations.

Our credit department is responsible only to top management for good performance, under a flexible policy.

# Get Income Statement That Best Reflects How Account's Decisions Work Out, Consultant Warns

OW many of your customers voluntarily submit an income statement? The steps taken by



P. C. TAYLO

management to obtain one from the unwilling seeker of credit would comprise a story in themselves, but an even bigger job is knowing what to do with the statement after it becomes available.

The income statement today is regarded generally as more important than the balance sheet, says Dr. Paul C. Taylor, professor of accounting at Tulane University in New Orleans, tracing the pendulum's swing away from the liquidation view of a business toward the concept of the going concern.

Declaring that today's credit grantors of companies and banks alike "should judge a business upon what is expected to happen to it in the future, rather than upon what the situation would be if it folded up right now," the educator comments that "banks, in their usual conservative manner, seem to have been pretty slow in getting around to a realization of this."

Supplementary facts are essential, however, to extract much useful data from the income statement, he says. The final result in the statement, the net income for the period, means little in itself. Only by comparing it with others does the credit grantor begin to get helpful information.

#### Ratios Valuable But Tricky

Besides comparison of the net income for the current period with that of the prior period or a series of them, Professor Taylor points out there are several highly valuable ratios to be studied, though "all have their limitations and should be studied with care." Among these he mentions the ratio of net income to net sales, net income to total assets, net income to interest on long term indebtedness, earnings to number of shares of stock outstanding.

The real question confronting the credit grantor is: How much confidence can be placed in the business because of the way in which it has

been managed? "Consequently, he should see to it that the income statement with which he works does the best job of reflecting the results of management decisions."

He urges special analytical concentration upon two areas: nonrecurrent earned income, and the price factor.

"Unusual sales such as those made as a result of a dumping transaction, recoveries from patent infringement suits, excessive bad debt recoveries, and unexpected windfalls, may not occur too often, but there is always the danger they are there, and none of them reflects the true ability of the management in the regular operations of the business. All such transactions should be eliminated to avoid misleading information." To obtain this kind of analysis, additional information is needed.

"The second area to which attention should be directed has to do with prices. For instance, take a look at the sales figure on the income statement. It is expressed in dollars generally arrived at by multiplying units by the sales price per unit. These prices per unit may be higher or lower anytime in the period than they were at the start. Such things as government regulation and competition step in to interfere. As a consequence, the control of prices is often practically taken out of the hands of management. Yet these changes in prices cause the sales figure to go up or down-and so the net income figure rises or falls.

"It is so often possible to have either a very favorable or a very unfavorable net income picture due primarily to price changes—and little of it really measures the ability of management to manage." Therefore, the grantor should do his best to obtain an income statement in which the effect of price changes, particularly on revenues, has been eliminated.

#### Methods to Evaluate Prices

"In many cases this is accomplished by pricing the company's revenues at both the prices in effect at the start of the period and the prices for all the period. Other companies rather effectively eliminate the effect of price changes by comparing standards with actuals. The sales price variances so obtained

also give company management some very valuable information to use in determining proper product mixes when planning for maximum profit in following periods, and help them to see just how much they accomplished profit-wise by managing and how much was due to price changes. Supplementing the typical income statement, the credit grantor will have to have additional schedules to get this kind of information.

The recognition of effect of price changes can be carried over into study of the cost figures, Dr. Taylor adds, for the dollar used in expressing the sales figures can be a more current kind of dollar than the one used to express the various costs appearing in the statement. that in this field come the debated questions of FIFO versus LIFO in pricing inventories, the moving average, base stock, the lower of cost or market, and the handling of depreciation on a replacement cost basis rather than on an original cost or some other basis, the accountanteducator points to the "critical importance" of these factors in using the income statement, and points out that "because of these and similar

CONSULTANT of business in the New Orleans area and a factor in the establishment of the Tulane Tax Institute, Dr. Paul C. Taylor is professor of accounting in Tulane University's School of business administration.

Following receipt of his doctorate in science in 1926 from the University of Illinois, after becoming a certified public accountant in 1924, he was named head of the accounting department at the University of Kentucky. Joining the staff of Western Electric Company in Chicago, he became accounting chief of the engineering branch in Kearny, N.J. In 1933 he took over the cost department of the Nineteen Hundred Corporation, Binghamton, N.Y., and went on to direct its cost and production planning departments at St. Joseph, Mich. Thence to the Tulane faculty in 1938.

He has been a director of the National Association of Cost Accountants and is a past president of the New Orleans chapter. ntems we in the accounting field are often accused of submitting misleading statements because they do a poor job of properly matching cost dollars against revenue dollars."

Gaining ground rapidly, "and all to the good," is the direct costing method.

Adoption of the socalled normal burden theory back in the 1920's "was a big help, but still left the very bothersome problem of what to do with large amounts of over or under absorbed burden," members of the New Orleans Credit Men's Association were told. "Disposing of them in the conventional manner of a write-off to profit and loss or to cost of sales often resulted in some crazy-looking profit figures which both puzzled and provoked management.

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"Then in the late Twenties and early Thirties we struggled to a general acceptance in practice of the flexible budget principle. This idea segregates the fixed from the variable expenses. The fixed expenses are the chief culprit in any cost, volume, profit analysis. The adoption of the flexible budget with a little analysis work gives quickly to management some valuable information when production begins to vary from the anticipated in the budget, but it fails to handle the fixed expenses in a proper manner in the accounting process, and so we are left with many of our same old troubles."

Acceptance of direct costing has come gradually in the last 15 or more years. Two basic concepts underlie the method. First, like the flexible budget, it carefully separates all expenses between those which are fixed and those which are variable, then rejects fixed expenses as being any part of product costs but treats them as cost of a period of time.

"Secondly, the principle follows the concept of marginal income. With the fixed expenses treated as a cost of the period rather than as a product cost, only the variable expenses are left to be included in cost of sales and in inventories. The resulting difference between sales and cost of sales represents not gross profit but the marginal contribution of each product toward meeting the period costs and toward the overall profit. This will also permit the accountant to furnish, directly from the accounting process without further analysis, very valuable bits of information concerning what needs to be done in alternative decisions involving product mix, cost reduction, inventory pricing, product pricing and others.

Dr. Taylor sums up: "If a company showed me an income state-(Concluded on page 21) Cor with why



The Home Insurance Company's new advertisement sells automobile insurance, sure...

but more important, it tells your customers about the value of quality protection.

Your auto loans must be covered by insurance—and it is in the interest of both bank and borrower to specify the *very best* insurance available.

Your local agent of The Home Insurance Company will be glad to cooperate with you in every way possible why not call him?

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Insurance Company

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The Home Indemnity Company, an affiliate, writes

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American Home—June

Better Homes and Gardens
—June

Nation's Business—May

Town Journal—May

Time - May 9

Newsweek-May 9

Business Week - May 7

U.S. News & World Report
— May 20

# New System Satisfies Spot Checkup Needs, Simplifies Job, Speeds Service

DIVERSIFICATION, both in products and corporate structure, plus emphasis on the need for spot credit information, can lead to complications in a centralized accounts receivable operation. This was the problem at the International Minerals & Chemical Corporation, whose widely located divisions and subdivisions turn out such disparate products as a cooking ingredient, feldspar, clays for bonding and phosphates. (Total net sales of the corporation for fiscal year 1953 were \$84,570,000.)

Installation of a Simplified Unit Invoice Accounting Plan (SUIAP) has brought peak functioning of the organization's accounts receivable operations, although net sales increased 45 per cent and a large part of their diversification program went into effect during the same three-year period.

"Simplification was not our objective when we installed Remington Rand's SUIAP; up-to-the-minute information on customers' accounts was our main consideration, particularly where this concerned credit operations," reports Edward Tubbs, controller of the company from the general offices in Chicago. He adds: "However, the simplicity of the 'charge and credit' bookless bookkeeping not only provided a complete answer to a complex question but gives us needed control."

#### Divisions, Subdivisions, Departments

For better understanding of the problems involved and how they were met, a brief outline of the central organization and the divisions and their products is offered by Mr. Tubbs:

"Our corporation consists of several divisions, each with its subdivisions and departments. The Chicago office produces the consolidated financial statements and accounts for sales, for selling administrative, distribution expenses and the real accounts. Most of the cost accounting is done in the divisional field offices. With the exception of the Plant Food (Fertilizer) Division, most of the billing and all accounts receivable and collection work is done in the general offices."

The Plant Food Division in the fiscal year ended June 30, 1953, accounted for \$33,800,000 of the total net sales of \$84,570,000. This meant

the Chicago accounts receivable section processed the records on \$50,-700,000 in net sales during that fiscal year.

Amino Division manufactures Ac'cent, a cooking ingredient used to accent the flavor of foods.

Industrial Minerals Division is concerned with mining and processing Bentonite and other clays used in foundries as bonding material in core sand mixes and for other refractory purposes, as well as for a drilling mud in the oil well fields.

Phosphate Division produces phosphate rock for fertilizer and chemical manufacturers. A new \$13,000,000 chemical plant in Bonnie, Fla., will have a unit for the extraction of uranium, on which Internaof about 5,000 open accounts set up under the Simplified Unit Invoice Accounting Plan," the controller explains. "Present volume is 10,000 invoices per month and something less than that in number of remittances

"SUIAP has been set up along divisional lines in three Safe-Desk units, each being double pedestal and each equipped with six Kolect-A-Matic tray units. Safe-Desks, being insulated, provide fire-resistive protection for the records. The accounts receivable for the Amino division are housed in one of the three Safe-Desks. The records of other divisions are arranged in the other two units in sections.

"The large number of accounts re-



CENTRALIZED OPERATION of accounts receivable at International Minerals & Chemical Corporation, Chicago, covers a diversified number of products and about 5,000 open accounts. The system has been set up under a Remington Rand Simplified Unit Invoice Accounting Plan (SUIAP) and is boused in Kolect-A-Matic tray units.

tional Minerals is working closely with the Government.

Potash Division at Carlsbad, N.M., mines and refines potash salts for agricultural and chemical plant use; at its Niagara Falls plant it produces a number of high-test chemicals from basic materials shipped up from Carlsbad.

The newly acquired Consolidated Feldspar Corporation mines and processes feldspar, used in pottery, sanitary ware and glassmaking.

A control research laboratory at Skokie, Ill., is carrying out considerable projects in the pharmaceutical field

"Our centralized accounts receivable operation covering all these diversified products, excepting those of the Plant Food division, consists

ceivable in the Amino division, as contrasted with the others, is due to the nature of the product. Accent is packaged and sold in small quantities, except those sales to large food processors. The products of the other divisions are sold by the ton. Accent goes to a wider variety of customers than other products so there is a correspondingly large volume in invoices for the volume of weight of material sold."

"When we started the SUIAP system we assigned clerks on a functional basis," Mr. Tubbs notes. "Some were assigned to full-time filing of invoices, others to application of cash receipts, others to filing of paid invoices. This proved impractical and we now have it set up on a divisional, competitive basis. Each clerk is responsible for her own

tivision or divisions, from the receipt of the invoice to the final filing of the paid invoice. Each vies with the others in achieving neatness, accuracy and speed in her work and the result is peak efficiency in the entire department."

Briefly, SUIAP consists of filing each customer's invoices in a pocket of the visibly indexed Kolect-A-Matic units. When remittance advices, received from the cashier, show these invoices have been paid the clerk stamps the invoice with the date paid and transfers it to the Paid Invoice file. The paid invoices remain current in this file for a month and are then transferred to the customer file to remain current for a year.

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"Controls include daily summary totals on adding machine tapes when batches of invoices move in from billing and tapes on paid invoices to check against batches of remittance advices. There also are the divisional control totals which are tied to the general ledger each month end."

#### Simplicity Aids Trial Balance

"This may seem almost 'too simple' for adequate control," International's controller notes, "but the very simplicity makes it possible to strike a trial balance at any time. We take a monthly trial balance, of course, and, if necessary this can be quickly checked out by comparing it with the day-by-day or batch tapes, which totals are the postings to the divisional control accounts.

"Our day to day operations are scheduled to be as up-to-the-minute as delivery of customer invoices and remittance advices will permit. Even the end-of-the-month activities are not a major interference since we are able to adhere to a program for distributing the peak volume over a period of a week to ten days. Therefore it is possible for the credit department to get really current information about any account anytime by a quick check of the SUIAP files."

A Graph-A-Matic sliding signal on the edge of each account pocket provides automatic ageing of accounts and automatic analysis, since a glance at the visible edges quickly

A Senate committee has been trying to figure out the why of the recent stock market boom. What we would rather know is the "when" of the next one.

-Anonymous

### How Go About Setting Credit Limit? Credit Executive Asks for Your Help

WHAT factors do you consider before setting up a credit limit? What procedure do you follow? Read the following letter to Credit and Financial Management; then, while the writer's questions are fresh in mind, please dictate your thoughts on the subject. This is "give and take"; give your ideas and take what will be useful to you from the suggestions others will be sending us. Here's the letter:

"In recent publications of the National Association of Credit Men have appeared practicable discussions of everyday or periodic problems of credit operation. Questions raised and replies printed have been most informative and, needless to say, helpful to executives in the fields concerned.

"I have a question I would like to see discussed in the columns of *Credit and Financial Management*. The writer is in the petroleum industry and the problem is from the standpoint of wholesale distributorship rather than retail.

"(1) How does a credit executive go about the issuance of a credit limit? What facts must be taken into consideration before setting the desired limit? How is the limit arrived at?

"(2) Can a percentage of net worth of a customer be used as a basis for the establishment of a high credit limit?

"Many credit men, in and outside the petroleum industry, have been faced with this problem. Perhaps from members of the Association through your columns may come the answers."

Address your comments to The Editor, Credit and Financial Management, 229 Fourth Ave., New York 3, N. Y.

locates delinquent and slow-pay accounts.

"The efficiency of the system is not vitiated by increasing diversification and volume. This has been proved. The key is in the simple principle that a 'purchase is a charge to accounts receivable; a payment is a credit.' The existence of the original invoice and the remittance advice or transmittal notice confirm this fact better than any amount of columnar posting."

Outside auditors of the company also have found a desirable feature to be the account analysis available to them for confirmation of accounts receivable at year's end.

#### Plastic Binding Adds Healthy Look to Syllabi and Reports

At St. Louis State hospital, St. Louis, a 154-page syllabus is used daily over a period of months for classroom work, reference and lectures by student nurses. Obviously it was necessary to meet the important requisites that the book open easily and lie flat when opened. General Binding Corporation's inthe-office plastic binding system has been found to meet these requirements.

The equipment of the Chicago

manufacturer consists of a punching machine and binding machine and the process, which takes only a few seconds, involves two steps: punching the pages on one machine, then binding them in plastic in a nearly automatic operation on another machine. A 95-page psychiatric aid syllabus, a 70-page annual report and miscellaneous directories also are bound in the office with this equipment.

#### Records Council Names Negus

The National Records Management Council, Inc., has named Alan G. Negus vice president in charge of the West Coast operations of the paperwork-control organization, at San Francisco. Mr. Negus is directing NRMC projects at the Richfield Oil Corporation and Lockheed Aircraft Corporation.

#### Name Change to Clary Corp.

Clary Multiplier Corporation's directors have asked stockholders' consent to change the corporate name of the San Gabriel, Calif., organization to Clary Corporation because of the wide diversity of products now manufactured by the company in addition to its established line of business machines.

# A Problem - - - and How It Was Solved

### A Feature Series on MANAGEMENT AT WORK

ANNUAL sales amounting to \$350,-000.00 are thumping good volume for an independent retail

druggist.

With the right kind of management, a substantial net profit should accrue to the druggist able to build that kind of sales volume. As a matter of fact, it did in this case, but an operating profit alone did not preclude development of a serious credit problem—a problem with deep roots affecting 147 suppliers. We were one of them, the largest.

One year ago this past January we first became aware of "our problem" when the customer called at the office and requested that his December account be closed in a note. No explanation was offered other than the fact that he was "a little hard pressed for

operating capital."
But why?

**Operating Statement Revealing** 

His balance sheet and operating statement for the year just closed soon revealed the source of his trouble.

Basically, there are only four or five fundamental controls that must have proper supervision if any business is to succeed. His records reflected an admirable job being done on all but one of them.

Sales control?—No problem. He certainly had either a location or the ability to develop the necessary sales. A substantial sales volume was being handled.

Gross profit?—Above average percentage here, indicating no leaks and a healthy pricing policy.

Operating expense?—Well in line, with fixed items of expense in proper ratio to sales. Other items of operating cost also in hand.

How about his accounts receivable control?—In good shape, showing less than 45 days on his books with By WALTER N. KUNTZ Vice President & General Manager Southwestern Drug Corporation Houston, Texas



credit sales being made on a 30-day basis. No problem here.

Buying control?—He simply did not have one.

Here were the seeds of the problem! While the business had been operating at a normal profit during the prior year, the merchandise inventory investment had increased almost five times the net profit earned during the same period.

Since the business did not earn the money required by the substantially increased inventory investment, it had to come from somewhere. It did, from creditors.

A January 12, 1954, Credit Interchange Report reflected past due balances owing 55 per cent of the suppliers, with the notation "COD—Our Request" set out here and there in the report.

Now that we had determined the source of our customer's trouble, the task became one of timing. Capital had to be released from overstocks, but this would require time.

A purchase budget was set up calculated to reduce the inventory investment by some \$16,000 in the ensuing six months. The larger creditors were told of the plan, and definite commitments were made to them for monthly payments in keeping with this program. Their cooperation was obtained in most instances.

Overstocks were gradually turned into cash. Direct buying was drastically curtailed, and eliminated in instances where minimum shipment requirements were disproportionate to the store's needs. Daily requirements were ordered from the local wholesale druggist, and within six months the inventory investment had been reduced to the point where the turnover was up sharply, from approximately three turns in the prior year to a current rate averaging almost six turns per year. This was accomplished without adversely affecting sales volume, which has continued to grow.

At the expiration of the six months period, because of a more balanced inventory position (still in need of some improvement), a substantial re-

WALTER N. KUNTZ, who received a law degree from the University of Houston law school and is a graduate of the F.B.I. Academy at Quantico, Va., served as a director of the National Association of Credit Men when he was credit manager of Southwestern Drug Corporation's Waco Division.

On acceptance of appointment as a special agent of the Federal Bureau of Investigation he resigned from the N.A.C.M. board in 1942. Returning five years later to the Waco Division post, Mr. Kuntz left in 1950 for Houston as general manager of the Houston Division. At that time he became an officer of the company and a member of its directorate.

duction in debt, plus the earning record of the store, it was possible for the druggist to gain bank assistance which previously had not been available.

It had been a close call, with debt on January 1, 1954 equal to three months' purchases.

In the 1930's I saw drugstores starve to death for lack of sales.

In the 1950's, a period of unprecedented business activity, drugstores not so fortunate as this one are continuing to fail.

They are choking to death on excessive inventories when buying gets out of hand.

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This is the leading cause for failure at the retail level in the drug industry today. And I suspect that suppliers in our industry are not alone in this problem.

The seeds of failure are prevalent in unwise buying practices.

You cannot run away from a weakness; you must sometime fight it out, or perish; and if that be so, why not now, and where you stand.

-Robert Louis Stevenson

#### Linear Programs, Decisions by Statistics, Prospect for 1980

"In 25 years most managerial decisions will be made by statistical procedures." Applying scientific criteria to that popular statement, the Association of Consulting Management Engineers, Inc., New York, says of the new statistical tools: "The advantage of statistical decision making is not that it actually makes decisions. Someone still has to set the objectives. The advantage lies rather in the way the procedures make clear what the cost or risk will be if the indicated course is not followed. Management is likely to make decisions better if it has such information."

The value of the new statistical tools to the individual company depends to a great extent on the size and the complexity of the business, the management engineers point out. Some of the more elaborate procedures, like operations research, require a team of specialists, while linear programing can be introduced by one staff man with mathematical training and subsequently can be applied by routine clerks.

### **American Credit Insurance**

AND

# The Case of the Banker's Benefit

THIS is an example of how American Credit Insurance can be a decisive factor in securing commercial loans. Whether your own business is large or small, the principle is a valuable one to keep in mind.

The policyholder, a cabinet manufacturer doing a gross business of some three million dollars a year, was offered an extremely attractive contract by a television concern of many times its own size. Only one hitch seemed to exist: a need for additional working capital at the outset, to finance substantial purchases of materials and a fairly large tooling-up operation. At the same time, the policyholder was anxious to have its new account included in the coverage afforded by the existing policy, and routine inquiry went forward to American Credit in this matter.

Discussion brought out the financial aspect of the entire contemplated setup, and the suggestion was made that the insured accounts receivable of the policyholder be used as collateral for a bank loan. Would a bank advance funds on this basis?

A bank would and did—and the policyholder proceeded to close the deal. The new account was afforded coverage up to 150 thousand dollars, and a collateral benefit rider was attached to the policy, under which the lending bank was given equal assurance with the policyholder of the payment of all the accounts covered. The operation moved forward, and all went smoothly, until . . .

With an outstanding of more than 110 thousand dollars for actually delivered cabinets, the account became past due. The many-times-larger television concern proved less sound than the cabinet manufacturer serving it. After failure to collect, suit had to be entered, but—neither the cabinet company nor the lending bank had any primary part to play in this act of the drama.

Under the terms of the policy, the bank immediately received a loss payment of more than 85 thousand dollars—and the policyholder suffered no loss of credit standing, no diminution of working capital, no alteration of the terms of the lean.

Have you considered the possibility of using insured accounts receivable as collateral in your own financing operations? For your copy of a new booklet: "Credit Insurance, Its History and Functions," write Department 42, First National Bank Building, Baltimore 2, Maryland.

## American Credit Indemnity Company

of New York

### Small Business Lending Program Called Aid to Private Banks, Not Competitor

THE lending program of the Small Business Administration, which is "in no sense a rival or competitor of private banks, is rooted in the confident belief that the private banks of the country are doing a good job in providing for the credit requirements of business," says F. W. Pritchard, SBA branch manager in Detroit. "We realize that the proper role of Government in this field is to assist where such aid may be needed to promote and maintain a strong and expanding national economy."

Mr. Pritchard emphasizes that the policies of the SBA, which was established to advise and assist small business, are fully congruous with the Administration policy to encourage private enterprise. He pointed to the SBA's loan record.

"At the inception of the lending program, about a year ago," Mr. Pritchard told the Grand Rapids Association of Credit Men, "a bare one-third of our loans was being made in participation with banks. Current records show that more than two-thirds of our loans are now shared by local banks. As of Feb. 15, 1955 the SBA had approved 1,207 business loans to small firms, aggregating about \$63 millions, of which 795, totaling about \$45 millions, were bank participation loans, and only

412, amounting to \$18 million, were made directly by the Agency."

It is true, he said, that most SBA loans are for longer periods than those ordinarily preferred by commercial banks. "About 40 per cent of our loans have been made to manufacturers, though almost all types of businesses are eligible." He cited examples of financial counseling services and one case in which he suggested that field warehousing be arranged and thereafter assisted the applicant in obtaining bank financing secured by warehouse receipts.

#### Rate of Top Management Pay Rise Less Than Firm's Profit

Top Management is sharing in the general prosperity although its compensation on the whole has not gone up as much as the profits of the corporations served. According to a survey by the American Management Association, New York, for the five-year period from 1949 through 1953, the average aggregate compensation of all officers and directors of United States corporations increased 23.5 per cent, while company profits after taxes in the same period went up 28 per cent on the average (sales increased 60 per cent). Increases for specific industry groups ranged from 8 per cent to 29.4 per cent. The smallest increase was One way for a wife to learn about her husband's business affairs is to ask him when he is going to buy a new car.

-Anonymous

found in wholesale and retail trade and the largest increase in the utilities field.

In its annual survey for 1953, the Executive Compensation Service of the A.M.A. finds U. S. executive salaries to be 4.2 per cent higher than in 1952, while bonuses were 6.8 per cent higher.

Canadian company executives averaged 6.6 per cent higher in 1953 than in 1952 and in the same year three out of every five Canadian executives received bonuses averaging more than one-third of their salaries, the A.M.A. survey reports.

The compensation statistics include bonuses and company contributions to retirement funds as well as salaries.

#### Fraudulent Risk Claims

Fraudulent unemployment insurance cases averaged approximately 2½ per cent in a sampling made by the New York State department of labor division of employment in a study under a federal grant to determine if additional controls and funds were indicated, as a number of states have long insisted.



THE GUIDING HANDS of the National Association of Credit Management, Inc., Chattanooga—FRONT ROW (l to r): President N. Rowe Burgner, A. Fassnacht & Sons; first vice president E. Lee Smith, head of his own general insurance company; second vice president Carl F. Hubbuch, Hubbuch Glass Co.; secretary-treasurer G. Royal Neese; and chairman of the board, D. B. Harris, Jr., Hamilton National Bank. CENTER ROW (l to r): directors C. Lamar Ireland, Gilman Paint & Varnish Co.; Miss Mary Lou Case, Cumberland Portland Cement Co.; Mrs. E. H. Varner, Burkart-Schier Chemical Co.; Miss Margaret Hail, The Chattanooga Medicine Co.; H. H. Swafford, Duff Brothers, Inc.; Noble M. McGuire, Cabin Crafts, Inc. BACK ROW (l to r): R. W. Gray, Tennessee Stove Works, T. J. Johnston, McAllester Hosiery Mills; J. Byron Taylor, J. Ernest Taylor Insurance Co.; councillor, K. H. Heald, Vance Iron & Steel Co.; director, sales and promotion, E. J. Platt, Pioneer Bank; Harry R. White, First Federal Savings & Loan Association; and W. T. Hutson, Gilman Paint & Varnish Co. Not in photograph: W. W. Vaughan, The Roofing Supply Co., and Mrs. Mildred P. House, Hamilton National Bank, president of the Wholesale Credit Women's Group.

# Competition's Own Discipline Not Enough? Demmler States Case for Legal Control

By RALPH H. DEMMLER Chairman

Securities & Exchange Commission

DISCIPLINE under the law is essential to prevent conversion of free competition into free ex-

ploitation and that's the job of the Securities and Exchange Commission, for "disciplines of failure, disgrace

R. H. DEMMLER

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and competition" are not enough. "In this dy-

namic American economy," Chairman Ralph R. Demmler explains, there is a pressure of capital for investment, a drive by private enterprise to obtain the public's dollars, vigor and imagination in devising ways to raise capital and in the operation of that capital, a lure of profit and power for the managers and contributors of capital. These great forces must not be allowed to lose their vitality.

"We can't rely on state regulation alone, because the interstate character of capital formation permits too many loopholes. A private system of control via stock exchange and trade associations is good as far as it goes, but there must be some legal power behind that system. Statutes are rigid. Rules are subject to quick change and are therefore uncertain. Case-by-case handling involves a danger of administrative

Development of counter forces and imposition of legal controls are the two methods employed in American history to handle "growth of large aggregations of economic power, availability and rush of surplus wealth for investment, war, the struggle for world power, the responsibility of world power, the development of weapons of mass destruction."

For example, counter forces operating to control the economic power massed in "giant" corporations are the competition of rival businesses and the collective bargaining power of labor unions. legal controls rest in the antitrust laws, labor management relation laws and the securities laws.

In the struggle for world power,

counter forces set up include rearmament, the European Defense Commission, the "winning of the atomic race." Initiated controls include the League of Nations, the Naval Disarmament Treaty of 1922, the United Nations.

The crux is selection of the best methods to handle these questions, Mr. Demmler points out. Europe's cartels are not the answer; they have resulted in "a dangerous lack of popular support for private enterprise.

In the United States and Canada the development of the corporation as a legal vehicle to bring savings together raises its own problems. There are 7 million stockholders,

investors should be reasonably complete and in accordance with generally accepted accounting principles." The Securities Exchange The Securities Exchange Act of 1934 and its administration by the Securities and Exchange Commission provide for those ends, the chairman told members of the Western Pennsylvania Credit Association.

But that's only the half of it-in fact, about a sixth of the points of parallel Mr. Demmler presents. Protection of individual and company under the S.E.C. encompasses the following as well:

Remedy for the investor against anyone who deceives him by misrepresentation or concealment. (The

The where-how-and-who of application of the discipline of law is a question that never will be pinned down completely, Mr. Demmler believes. "All we can do is to attempt a sensitive, alert and conscientious job in the interpretation and applica-tion of the laws which Congress gave us to administer."

plus the many millions of savings invested in insurance policies and pension funds. The public's savings press for an investment place; the corporations want capital. Then

Mr. Demmler insists that "there must be some legal controls imposed on one man who gathers together and administers capital furnished others," as is true of trust funds and bank deposits. But effective control requires "detailed rules and techniques to insure compliance."

Where and when the discipline should be applied, and by whom, constitute problems that cannot be solved 100 per cent for all time, he frankly adds, but he draws close parallels between objectives to foster both free enterprise and sound investments and the federal laws and applications to gain those objectives 'to encourage investment and initiative and imagination to develop the full economic potential of an enterprise" without "foolish, meaningless obstacles to the accumulation

"The investor should know what he is getting when he buys securities, the owners of an enterprise are entitled to current information, and the financial information given Acts of 1933 and 1934 provide for civil remedies.)

Opportunity to vote intelligently, not blindly, at corporate meetings. (Covered by proxy rules of 1934

Markets free of manipulation. (Act regulates national securities exchanges, provides penalties.)

Prevention of use of inside information to disadvantage of others. (Securities Act and Public Utility (Concluded on following page)

RALPH H. DEMMLER, graduate of Allegheny College and the law school of the University of Pittsburgh, became chairman of the Securities and Exchange Commission in 1953.

After admittance to the Bar in 1928 be became associated with C. E. Theobald while giving part time service to the law faculty of Pittsburgh U. From 1930 to 1938 he was with the firm Watson & Freeman, then a partner in Hirsch, Shumaker, Demmler & Bash. Following a period as trust officer of Commonwealth Trust Company of Pittsburgh he became associated with Reed, Smith, Shaw & McClay (partner starting in 1948).

Holding Company Act provide for corporate recapture of short-swing trading profits by officers, directors and controlling stockholders. Utilities Act and Investment Company Act control transactions with affiliated interests.)

Persons in businesses recommending investments, sales and handling of others' money and securities should be registered and should file facts about themselves publicly. (Required of broker-dealers and investment advisers under Securities Exchange Act and Investment Advisers Act.)

Prevent corporate structure complexity threatening company's soundness or giving voting power to a few persons. (Regulated by Utilities Act and Investment Company Act)

Independence of trustees of corporate bonds and debentures issues to assure conscientious and prudent performance. (Trust Debenture Act applying to debt issues of \$1 million or more prescribes independent action, specifies certain obligations of trustees, and provides for mandatory reporting of issues to trustee.)

Trustee independent in corporate reorganization, vigorous inquiry and fair plan. (Chapter X of Bankruptcy Act states duty of Commission to intervene if court so requests and gives Commission discretion to intervene or not. Also permits Commission to report on reorganization plans of corporations having over \$3 millions obligations, and specifies courts may submit reorganization plans in other cases.)

The national securities exchanges "are being operated in a manner consistent with the public interest," Ralph H. Demmler, S.E.C. chairman, told Senator Fulbright's Senate banking committee.

Policing the activities of more than 4,100 registered brokers and dealers "presents an administrative problem which has not been satisfactorily solved," he said.

#### **Toledo Association Sponsors Mock Trial Dramatizations**

Through mock trials, members of The Toledo Association of Credit Men dramatized the pitfalls that menace the creditor in out-of-court arrangements. Credit management experts reenacting actual cases involving diverse types of businesses drove home this warning: "Before accepting any compromise offer, always make a thorough investigation. Insist upon and get all the facts and figures."

Compromise is a "concession to weakness, unfair, unsound and uneconomic, and in most instances the firm that seeks to compromise its just and contracted debts is either a chiseler or is comprised of poor businessmen and should not be helped to stay in operation," said R. J. Ben-

ziger, Libbey Glass, in the role of chairman of the creditors' committee

"Members of the cast" who portrayed debtors, attorneys and credit men were: H. F. Barbre, Benarr Distributors, Inc.; J. E. Taylor, Surface Combustion Corp.; T. O. Metcalf, Toledo Scale Co.; C. H. Moellenberg, McGranahan Distributors, Inc.; J. R. Leister, Gerlinger Equipment Co.; P. F. Lewis, Ohio Citizens Trust Co.; R. J. Benziger, Libbey Glass, div. of Owens-Illinois Glass Co.; L. A. Schrader, partner, Farber, Cochrane, Green & Schrader; and I. M. Zimet, executive manager of the Toledo association.

#### Twin Forum of Credit Leaders Discusses Revenue Code Issues

A two-part forum on the new Internal Revenue Code under the sponsorship of the Credit Managers Association of Northern and Central California, and the San Francisco Chapter, National Institute of Credit, brought together several hundred credit executives.

At the first session these were the subjects and the speakers who presented them: "The New Deal for Depreciation," Robert F. Henderson, C.P.A. and attorney, Arthur Young & Co.; "Accounting Methods That Save Taxes," Frank W. Boydstun, C.P.A., partner, Boydstun & Klinger; "When Will Your Customers Pay Their Taxes," John F. Joyce, C.P.A., partner, Lindquist, von Husen & Joyce. Ray C. Major, credit manager, California & Hawaiian Sugar Refining Corp., Ltd., San Francisco, introduced the speakers.

Speakers at the second Monday evening forum session introduced by Stuart D. Menist, manager, Fireman's Fund Insurance Co., San Francisco, and their respective topics were: Mary E. Lanigar, C.P.A. and attorney, partner, Lester, Herrick & Herrick, "New Deductions"; Leroy E. Schadlich, C.P.A. partner, Touche, Niven, Bailey & Smart, "Problems of Credit Executives Under the New Internal Revenue Code"; Richard B. Keigley, C.P.A., partner, Haskins & Sells, "Hints for Preparing Your Personal Tax Returns."

Lorin A. Torrey, C.P.A. and attorney, Ernst & Ernst, was forum moderator. George W. Heuermann, vice president, Anglo California National Bank, was general chairman.

Old jokes, like old soldiers,



NEW PRESIDENT of the Alabama Association of Credit Executives, Julian L. Mason (left) of The First National Bank of Birmingham is shown here with J. D. Ferguson, Certified Products Co., vice president; W. C. Darby, secretary-treasurer; and M. R. Fox, Mutual Steel Co., association treasurer. New directors are E. C. Nall, Steel City Supply Co.; Miss Loraine Day, Liberty Trouser Co.; A. V. Mays, Alpha Portland Cement Co.; F. W. Young, Foremost Dairies; Plerson Dick, Birmingham Trust National Bank; Mrs. Connie Landers, G. S. Dowdy Candy Co., and W. R. Haynes, General Motors Acceptance

"A balance sheet is but a snapshot of a company's position at a given second in its financial life, while the profit and loss statement gives in summary the results of its operations for a given period.

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"These statements taken together can oftimes be used as mirrors of the character and ability of the customer as they operate on the capital available under the conditions present."

-Dr. Paul C. Taylor

#### INCOME STATEMENTS

(Concluded from page 13) ment prepared on the direct costing basis, I am very sure that my estimation of the firm as a credit risk would climb several notches." He suggests study of articles on the subject in the National Association of Cost Accountants Bulletins, the Journal of Accountancy and particularly Research Series No. 23 put out by the N. A. C. A.

How to obtain supplements to the income statement? "Sometime get around to training the credit evaluation weapons you use on your own company; raise the question of just how good a credit risk your own company is. This will send you in search of information such as I have outlined. This kind of thing soon spreads, and it wouldn't be long before many of the companies asking you for credit will have many of these very desirable bits of information available. Besides, they will have found how very useful such analyses are for their own internal management purposes."

#### Heads Society for Cripples

John D. Martin, manager of the Roanoke (Va.) Association of Credit Men has been elected president of the Society for the Crippled Children of Southwestern Virginia. He is also a past secretary of the National Infantile Paralysis Association of Roanoke County and City.

#### Gaba Heads Esquire Club

George A. Gaba, credit manager of J. P. Stevens & Co., Inc., New York, has been named president of the Esquire Credit Club, Inc. Ervin A. Schutz, assistant treasurer of Burlington Mills Corp., is vice president. Gerald D. Stone, S. D. Leidesdorf & Co., has been elected secretary, and George S. Saylor, J. P. Maguire & Co., treasurer.



# The check he couldn't face

How the forged endorsement on a \$73 check led us to discovery of a \$6300 payroll fraud

(Based on Company File #117044)

One day recently, a former employee strode into our treasurer's office. Where was his vacation allowance money? He'd been waiting six months and hadn't received it.

We got out the records. All in order. Check issued . . . cashed . . . filed. We showed him his signature on the back of the check.

When he said that wasn't his writing, we called in the payroll supervisor, a man who'd been with us for years. Could he explain what had happened?

He couldn't. And he was so distressed by the situation that he collapsed and had to be sent home. We immediately began an investigation.

Our supervisor, we found, had been working a slick scheme. He was the one who had taken the check in question, forged the endorsement and pocketed the money. He'd diverted other checks, too. And for months he'd kept the names of many former employees on the regular payroll, and appropriated their "pay" as the checks were issued.

We determined that he'd stolen \$6,323.94 before being tripped up. Fortunately, the entire loss was covered by our Hartford Blanket Fidelity Bond.

Your own company probably carries a fidelity bond. But for your complete protection, every credit risk you approve should have one, too!

For those who don't, suggest a Hartford Fidelity Bond.

And do it now-before a slick scheme impairs their credit status. Have them call their Hartford Accident and Indemnity Company Agent or their insurance broker for full details.

Year in and year out you'll do well with the

### Hartford



Hartford Fire Insurance Company Hartford Accident and Indemnity Company Hartford Live Stock Insurance Company Citizens Insurance Company of New Jersey . . . Hartford 15, Connecticut Citizens Insurance Company of New Joseph Northwestern Fire & Marine Insurance Company Minneapolis 2, Minnesota Twin City Fire Insurance Company . . .



#### PANELISTS AIR PROBLEMS OF INDUSTRIES THEY REPRESENT

FIFTH ANNUAL CREDIT FORUM sponsored by Oakland (Calif.) Zebras, under the direction of Superzeb R. G. Roemer, turned the spotlight on conditions in the industries represented by these specialists (across the pages l to r): Moderator Richard M. Oddie, director of

the Bank of America NT&SA small business advisory service; Frank Emery Cox, sales, research and business development analyst for the Kawneer Co. of California, Berkeley; R. N. Arnold, store sales representative, Westinghouse Electric Supply Co., appliance department; Ed.

### Salesman in Effect Has Become an Assistant Credit I



Credit Guards Finances But Advises of Sales Strategy

F. C. LIVERMORE
Treasurer
Kaufman Knitting Co.
Minneapolis, Minnesota

AM heartily in accord that Credit should be recognized for the important contribution it makes to the overall sales program in most companies. While of necessity the credit manager guards the finances of the company, and thus will always be associated with them, it is equally true that because of his unique position he can greatly influence sales. Decisions made daily can determine potential sales to some accounts for years to come.

No longer is a credit manager rated on his low loss ratio—any man can say "No." The important test is how he develops marginal accounts that have a real potential so they become strong financially and loyal users of his company's product. In this capacity he surely merits the rankings bestowed by some companies, such as Manager of Credit Sales or Manager of Customer Relations.

Sales managers have for many years done a better job of selling Management on what they contribute to net profit; it's high time the credit profession does the same. Proper identification of credit as an important distributional function seems a long step in the right direction.

I sold these ideas to our company some time ago. The sales manager and I work closely, and together decide on and carry out sales policy. At the same time I sacrifice none of the safeguards that keep our accounts receivable turning over and in healthy condition.

I report only to the president of our company.

Independent Role Enables Credit Aid Whole Operation

T. M. SHERMAN

Staff Director

Credit and Collections

Thompson Products, Inc.

Cleveland, Ohio



It should be an independent department, headed by an executive officer, presupposing that corporation, credit, financial and sales policies would be coordinated.

Historically, the credit function has been part of the treasury department. Credit is a temporary substitute for cash. The treasury department is only assuming its duty when it is charged with being the judge of the caliber of accounts receivable. Further, the training and experience received in credit work, particularly through the evaluation of financial responsibility and assisting marginal accounts, often makes credit personnel the logical choice for advancement in financial fields and within the treasury department.

One should never lose sight of the fact that the sales department's principal duties are selling and marketing. Anything which might distract from these functions and make the department too diversified would be a hindrance to the company. It is the duty of the executive management to keep the sales and credit departments working together to produce the highest net profit.

Three principal points must be clarified or corrected before the credit function can be accorded the forward recognition of being a separate department with its own executive officer.

Modern credit operation, besides its primary responsibility of approving extension of credit and collection of accounts receivable, can and should serve many departments. It can assist the purchasing department in

(Concluded on page 38)



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G. A. FULLERTON

W. C. WILLIAMS

R. G. ROEMER

#### ZEBRAS SPONSOR OAKLAND'S FIFTH ANNUAL CREDIT FORUM

ward L. Turkington, regional director, Small Business Administration, San Francisco, and Gerald A. Dobrmann, formerly merchandise manager for the Emporium Capwell Co. Representing associations and Zebras were the following executives: K. C. Bugbee, secretary-manager, and Glenn A. Fullerton, Interstate Bakeries Corp., president, Wholesalers Credit Association of Oakland, and W. C. Williams, Gordon MacBeath Hardware Co., Grand Exalted Superzeb of the Royal Order of Zebras, and Mr. Roemer, Haven Saw & Tool Co., Oakland Herd

### Med Credit Man's Duty Is to Ship Every Order Possible



Aligns Credit with Sales; Responsible to President

G. J. MAHONY
Controller
Selected Investments Corp.
Oklahoma City, Oklahoma

Credit Can Develop Sales Program, Aid Distribution

T. S. ROSE
Assistant Treasurer and
Credit Manager
Sealed Power Corporation
Muskegon, Michigan



CREDIT MANAGEMENT should be considered a distributional function rather than a treasury or accounting operation. The position title of Manager of Customer Relations or Controller of Customer Accounts should replace the trite position title of Credit Manager or General Credit Manager.

Credit management should definitely be a sales distributional function, as there is no question that the sales manager is responsible for turnover of merchandise and the credit manager for turnover of working capital.

Credit management should be a company staff position within the sales division, responsible only to the president and/or general manager, not subservient to the sales manager, the treasurer, the controller or the chief accounting officer.

Real credit management is without doubt directly responsible for customer relations, which accelerates profitable sales. Proper, independent, responsible credit management can mean to any company the difference between a decided increase in profits and a mediocre or unprofitable business. Credit management is not and should not be a treasury, controller or accounting function, as the relation of a company treasurer, chief accounting officer or general controller is in no way directly attributable to consumer relations as is credit management.

With the responsibility of general credit supervision, I report directly to the president and/or general manager, but I do recommend that the credit manager be an independent company staff member not subservient to me but directly responsible to the president and general manager.

I shall have to join the negative side of this debate. Traditionally, treasurers of business establishments have been charged with the responsibility of protection and conservation of the assets of their companies. One of the largest and most liquid assets of a business, operating on a credit basis, are accounts receivable. To properly protect this asset, the treasurer must be responsible for the development of the accounts receivable. Most treasurers delegate this authority to a credit manager, selected by him and reporting directly to him or his staff. There is no more reason for turning over the credit administration to Sales or any other department than for the treasurer to turn over the checkbook to, for example, the engineering department.

However, I do believe the credit manager, whatever his title, has a definite responsibility to work with Sales to assist in the expansion and improvement of distribution channels. With the sales manager, the credit executive can analyze existing distribution and map out a definite campaign for new distribution in each sales territory. A prospect list can be developed so that the outside man will not waste any time on those not acceptable.

A few years back we decided to take all actual customers in one of our sales divisions selling to jobbers and analyze our dollar sales by credit rating. To improve our distribution and increase sales we arbitrarily decided to take on a certain percentage of new customers in the Grade 5 category (representing definitely hazardous problems), knowing we were going to have bad debts but also knowing we were not going to lose money on all of them. This type of account is screened carefully and then

(Concluded on page 38)

# TRENDS.

#### IN BUSINESS AND FINANCE

#### Storm Warning

While new construction was registering the most active first quarter on record, \$8.4 billions better than the high of a year ago, the American Bankers Association through its economic policy commission was running up a danger signal on the flag pole of business, in the midst of the housing boom. Potential threat to stability of the construction industry and even to the overall economy was seen in operation "under the forced draft of ultra-liberal credit terms, particularly in Government-insured and guaranteed mortgages."

Conceding that the Federal Reserve and the Treasury had "made some adjustments in their policy," nevertheless, said the commission, "these general methods of control cannot effectively curb excesses in real estate credit without hurting other parts of the economy. A revision of mortgage lending terms is needed to supplement these policies," and action by Congress was advocated to adjust the extremely easy terms written into the National Housing Act of 1954 without providing for correction according to the economic status.

On a seasonally adjusted basis, said the Departments of Commerce and Labor, jointly, new construction activity in the first quarter was at an annual rate of \$41 billions compared with an annual rate of \$38 billions the preceding quarter and actual outlay of \$37.2 billions for 1954.

#### Noncollection and Failures

FAULTY HANDLING of collections of accounts receivable causes approximately 10 per cent of failures in certain manufacturing, wholesaling and servicing industries, says American Credit Indemnity Company, reporting on its study of the reasons for business calamities. Noncollection of business done, thus takes emphasis perhaps sharper than insufficient volume.

#### **Export Signs Favorable**

Moderate increases of both commercial exports and imports this year are looked for by the National Foreign Trade Council and its balance-of-payments group. They see exports going up to \$13.4 billions, a gain of \$700 millions, and an import total of \$10.7 billions, by a rise of \$400 millions. They estimate U. S.

international transactions in '55 above \$36 billions, a \$1 billion increase.

Greater availability of dollars to foreign countries is a factor in the optimism, plus demand and competition, with \$19.9 billions total, an addition of \$800 millions. The group predicts \$200 millions gain in exports of services in transportation, travel and the like to a total of \$2.9 billions, while income from investments will go up \$100 millions to reach \$2.1 billions, bringing "invisible" exports to \$5 billions. Thus combined exports and services will total \$18.4 billions, a billion dollar increase. Earnings from services and investments by foreign coun-

"The most dependable forecast that anyone can make regarding 1955 is that, irrespective of what happens between now and the end of the year, all forecasters will then be predicting an increase in business in 1956."—"Arizona Progress," Valley National Bank, Phoenix.

tries, plus military outlay, are headed toward \$6 billions total, a \$400 millions addition. And for foreign countries there will be imports of goods and services by the United States, plus military expenditures abroad, totaling \$16.7 billions, a \$800 million advance.

Out of these developments the United States would have a surplus balance of \$1.7 billions, which would be \$200 millions above last year, though the means to finance the imbalance available to other nations will approximate \$3.2 billions.

All in all, the figures represent a stimulus to exportation.

#### **Federal Reserve Policies**

How useful can monetary policy be in influencing economic conditions generally? Well, financial authorities' judgments differ on degree, says the American Bankers Association's economic policy commission. Availability and cost of credit have important effects on business activity "but are not all-important," says the commission in "The Effects of Federal Reserve Policies," fourth in a series of six

monetary studies. It concludes that "when sales and prospects are good, the businessman will probably be far more interested in getting credit than in the price he pays; when they are bad, no interest rate, no matter how low, may tempt him to borrow."

#### That Fiscal Year

Fiscal years based upon the natural business years of companies make more sense than hanging onto the calendar year, termed a "habit that was brought about by the excise tax law of 1909 and remained after the law was changed," says the American Institute of Accountants in a new pamphlet, "Do You Close Your Books on New Year's Eve?"

Six arguments are presented for changing to natural business year accounting: (1) Inventory can be taken when it is lowest and employees are least busy; (2) The balance sheet will show the most liquid position, a help in getting bank credit; (3) Income statement will show results of operation during one actual and complete cycle; (4) Financial statements for each year will be available earlier for the next year's planning; (5) Tax returns will show smaller amounts for inventories and accounts receivable, reducing area of possible dispute with Government; and (6) Certified public accountants can give more effective service when not in the midst of calendar year auditing.

#### Mergers and Growth

SPEAKING of mergers in the banking field, the Business Review of the Federal Reserve Bank of Philadelphia sums up a series of articles in this fashion:

"One thing is clear. So many banks could not have grown so much in so short a time except through mergers. The 42 banks that engaged in mergers expanded their deposits, on the average, by more than threefourths between December 1946 and June 1954. If you take out deposits which they acquired through mergers, however, you find that the remaining deposits rose by only about one-fourth. This was only a little more than the expansion in deposits of all banks in the Third District during the same period." The impact was greater on banks inside Philadelphia than out-state.

#### Credit Folk Note

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Not all that glitters behind the fronts of suburban shopping center stores is gold, or silver in the till. Take that from the head of a supermarket quoted by a writer in the New York *Times*. But take also the rebuttal by the president of a shopping center a few miles distant.

Many small stores in shopping centers around the country have closed their doors primarily because profits don't support the high rents, says Frank W. Packard, with 155,000 square feet of selling space in his supermart near Hackensack, N.J. He places the rents generally between 2½ and 3 per cent of sales, and declares an appreciable increase in advertising promotion necessary for both large and small stores.

Declaring there is more sales volume per square foot in three blocks of a major city's concentrated downtown shopping district than in the entire area of most suburban trade centers, Mr. Packard points to the "walk-in market" of, for example, Bamberger's in Newark, with the thousands of employees in the nearby offices of the Prudential Life Insurance Company. (This is one of the arguments of the merchants' association of State Street in

The creditors are a superstitious sect, great observers of set days and times.

Poor Richard's Almanac

Chicago, which confesses that the easy parking in outlying districts is the tough competition.)

Besides parking advantages for suburbs, Mr. Packard adds the unhurried shopping and the fact that the women are saved from "dressing up to go downtown."

Disputing some Packard arguments was Sidney Galvin, president of the 1½ million square foot Bergen Mall center near Paramus, N.J., a \$60 million project still under construction, for a hope of \$100 million annual sales.

Poor merchants have trouble anywhere, says Mr. Galvin, "but the number of good small merchants who increase their profits is far greater than the failures."

At least one confirmatory fact emerges from both sides of the argument: these are days of sharpened competition that call for real selling, a warming note for the credit executive alert to his role in sales. "Starving" Inventive Mechanism

DESPITE the billions being spent on industrial research, America is "slowly starving" its inventive mechanism because of a dwindling volume and diversity of basic scientific information, world-wise, and because the supply of trained scientists to produce and utilize such information is inadequate, Dr. Clifford F. Rassweiler, vice chairman of the board of Johns-Manville Corporation, told the Massachusetts Bankers Association.

#### "Bootleg Borrowing?"

RESTRICTIONS on borrowing for purchase of listed stocks would be "class legislation of the worst kind" and could brew "bootleg borrowing," the Economic Club of Southwestern Michigan was told by Eliot Janeway, economist and publisher.

"The people's right to borrow is inalienable," said the authoranalyst. "The suggestion offered recently for 100 per cent margin requirements demonstrates a lack of faith in the American People, and a bias hidden in favor of the rich and against average income earners."

Ernesta Rochted



Because you trust <u>all</u> your employees there is an inevitable shock to your feelings when one embezzles, but you can avoid the financial shock through an adequate

## **BLANKET FIDELITY BOND**

NATIONAL SURETY
CORPORATION

4 ALBANY ST., NEW YORK

one of America's foremost fidelity and surety companies

A MEMBER OF THE FIREMAN'S FUND INSURANCE GROUP

This symbol on your bond or policy guarantees satisfaction

# UP THE EXECUTIVE LADDER

James D. Ford, formerly general manager of credits and collections, has been advanced to assistant vice president, Weirton Steel Company, division of National Steel Corporation, Weirton, W. Va. At the same time the promotion of MILLARD HARTER to credit manager was announced.

In credit work since 1920, Mr. Ford began with Weirton Steel in 1944 in charge of the credit and collection department. He is a past president of the Wheeling Association of Credit Men, a director of the National Association of Credit Men and vice chairman of the national membership executive committee for the eastern division, and a member of the board of advisors of the College of Steubenville (Ohio).

Mr. Harter started with the company in 1923 in the accounting department and transferred to the credit department in 1929. Like Mr. Ford, he is a past president of the Wheeling Association and a councillor. He is a director in the American Red Cross family service and the Boy Scouts.

CHARLES B. SCHOENMEHL has been promoted to controller, The Birtcher Corporation, Los Angeles, from assistant controller. Prior associations were four years with Chase Brass & Copper Company as accountant, and with MacGregor Instrument Company, first as financial accountant, then credit manager and assistant treasurer. He joined Birtcher Corporation in 1953.

THOMAS N. FLOURNOY has been advanced from assistant cashier to assistant vice president, The First National Bank of Jersey City (N.J.). He began in the bank's credit department in 1949. A graduate of Yale University, he was with Chase National Bank of New York for three years before going with First National.



J. D. FORD



MILLARD HARTER

L. E. Barrett, named treasurer of the George Frost Company, Shirley, Mass., heads up the department in which he had assumed successively additional responsibilities, beginning with accounting duties, then expanding to include credits and collections. He began in 1928 with the Frost organization, which this year is observing its 85th anniversary, and prior to his new appointment he was assistant treasurer and office manager.

H. C. McPike, previously vice president and general manager, has advanced to the presidency of the Weis Manufacturing Co., Monroe, Mich., and A. G. Wuerst has been named vice-president. Mr. Wuerst also continues as treasurer.

In promotions announced at Manufacturers National Bank of Troy, N.Y., HAROLD J. MARSHALL was named president. He formerly was executive vice president. Chester F. Millhouse was named executive vice president, Edward F. Moylan became senior vice president, William R. Williams controller, and Maxwell A. Parmenter assistant cashier.

In promotions at Fidelity-Philadelphia Trust Company, Philadelphia, Harry C. Barnes, Paul C. Wagner, Stewart M. Walker and Wentworth P. Johnson were named to the newly established post of senior vice president. J. Wayne Wilson and William G. Kurtz, Jr. were appointed vice presidents. Mr. Wilson holds the 1954 executive award of the Graduate School of Credit and Financial Management, Credit Research Foundation, N.A.C.M., Dartmouth College.

Robert D. Byrnes and Walter H. Geer were named trust officers.

F. RICHARD HOLZKNECHT, formerly general service manager of the Louisville Credit Men's Association, has joined the Auburndale Feed & Lumber Company, Louisville.



C. B. SCHOENMEHL



T. N. FLOURNOY



L. E. BARRET



R. W. CHATTERTON

ROBERT W. CHATTERTON has advanced to assistant vice president and loan officer at the main branch of Bishop National Bank of Hawaii. in Honolulu. He previously was assistant cashier and credit manager. He holds the B.A. of Whitworth College and studied law at the University of Idaho and Gonzaga University (law degree from the lastnamed). In World War II he was a captain in the Army Signal Corps, stationed on Oahu. He is treasurer of the Hawaii Association of Credit Men and has contributed to legislative activity.

RALPH J. STEINER has been made vice president-production at General Binding Corporation, Chicago. The 36-year-old Steiner began with the company in 1945 as an apprentice tool and die maker, and advanced to plant superintendent prior to his present appointment.

WILBUR N. BINGHAM, since 1952 assistant secretary of Dun & Bradstreet, Inc., has been advanced to secretary. Mr. Bingham joined the organization in 1934 and held supervisory and executive positions in the credit reporting division before becoming legal assistant to the president

Among promotions announced at Guaranty Trust Company of New York, Richard F. Dundore was named assistant treasurer; Philip J. Engel and Knud H. Trudso, assistant secretaries. William E. Herrlich and Albert Huber were named assistant treasurers in the trust department.

Donald P. Day has been appointed assistant treasurer and assistant secretary, Westinghouse Electric Corporation, in charge of the banking and investment division of the company's treasury department at Pittsburgh. He went with Westinghouse in 1941 and returned after four years as a captain in the Army

finance corps. Since 1953 he had been treasury manager of the Westinghouse consumer products group at Mansfield, Ohio. He has the executive certificate of the Graduate School of Credit and Financial Management (Dartmouth, 1954).

CHARLES H. WITTENBURG, 43, has been named president of Gould-Farmer Company, Inc., Syracuse, N.Y.

Born in Grosse Isle, Mich., Mr. Wittenburg attended Rome (N.Y.) high school, where he was selected by General Electric for its five-year business training course. When he completed it in 1934 he was recommended for a post with Gould-Farmer. He joined that company as auditor, served as assistant to the president for one year, next worked as territorial sales representative and as branch manager, advanced to treasurer in 1943 and executive vice president in 1949. He also is treasurer of Langdon & Hughes Company, Utica (N.Y.), G-E distributors. In the Syracuse Association of Credit Men he has twice served as vice president.

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CHARLES F. FRENCH, JR. has been named vice president of Manufacturers Trust Company, New York, in charge of the bank's central credit department, and supervisor of its executive training program. Only 37, Mr. French is a member of the board of governors of the American Institute of Banking and treasurer of the New York Chapter of Robert Morris Associates. He began with Manufacturers Trust in 1939 upon graduation from Duke University.

ALFRED W. SYRETT, treasurer of E. E. Souther Iron Company, St. Louis, has been named a director of the company. He began as head bookkeeper in 1945 and worked into credits, becoming credit manager and treasurer in 1951. Previously he had been with Union Electric Company of St. Louis.

WILLIAM H. KRUEGER has been appointed treasurer and controller, The



C. F. FRENCH, JR.



W. H. KRUEGER



DONALD P. DAY



C. H. WITTENBURG



A. W. SYRETT



HARRY R. LANGE

Swartwout Company, Cleveland. He went with the company in 1953 as assistant treasurer and controller following seven years with Industrial Rayon Corporation in accounting and credit work. He is a graduate of Miami University, (Ohio) and studied later at Northwestern University.

HARRY R. LANGE, since 1948 vice president of finance and treasurer, Cutter Laboratories, Berkeley, Calif., has been named vice president for marketing and finance.

JOHN DAVIS MURPHY has been elected president of The Wiremold Company, Elmwood, Conn., and ROBERT H. MURPHY succeeds him as executive vice president. D. HAYES MURPHY, formerly president, has become chairman of the board.

James M. Kind has been named manager of Montreal operations for Motorola Sales, Ltd. He is a director of the Canadian Credit Men's Trust Association.

Walter S. Glover is finance manager in the photo lamp department of General Electric's reorganized lamp division at Nela Park, Cleveland. He began with G.E. in New York as an accountant.

Congratulations to-

CARROLL P. RICHARDS, named vice president, General Motors Acceptance Corporation, New York, in charge of credits, domestic and overseas... Floyd T. Starr, elected vice president and treasurer, Penn Mutual Life Insurance Company, Philadelphia... Frank R. Basney, advanced from assistant credit manager of the Pratt & Whitney division to credit manager of all divisions, Niles-Bement-Pond Company, West Hartford, Conn....

JOHN J. Hennessy, named controller, R. M. Hollingshead Corporation, Camden, N.J. . . . Ralph Walch, appointed assistant treasurer, Magnavox Company, Fort Wayne, Ind. . . . E. C. Goebel, who has assumed the office of assistant general manager, Superior Paper Products Co., Pittsburgh, in addition to his re-

sponsibilities as secretary and treasurer. . . . WALTER S. PRUSIEWICZ, cochairman of the Motion Picture Industry Credit Group, who has been advanced to assistant treasurer of Pathe Laboratories, Inc., New York. . . . JOHN K. BRIGDEN and HAROLD L. RIEG, appointed assistant treasurers of Allied Chemical & Dye Corporation, New York, to handle banking operations and coordination of credit activities, respectively. . . . HARRY HILD, named supervisor of internal control and accounting, and George W. HOPKINS, JR. who succeeds Mr. Hild in charge of credits at Southwest Cigar Company, Dallas . . . CARL SHERRY, elected assistant vice president, Altoona Trust Company, Altoona, Pa., in charge of the consumer credit department . . . JOSEPH W. SCHMIDT elected cashier, Canton National Bank, Baltimore.

James J. Sullivan, since 1944 credit manager at the Detroit office of Parke, Davis & Company, has been advanced to general credit manager of the company. He began in the auditing department of the drug firm in 1922 and transferred to the credit department two years later. He was promoted to credit manager at Chicago in 1926, then went to Minneapolis in 1930. When he returned to Chicago in 1940 he handled labor relations for the company's domestic branches in addition to his credit responsibilities. He is a director of the Detroit Association of Credit Men.

New appointments at General Mills, Inc., Minneapolis, include William A. Stephens, who began in the accounting department of the company's Sperry operations, now named administrative assistant to the president, and E. V. Hays, formerly controller of the firm's research department, who has been made controller of the O-Cel-O division.

L. W. Henderson, Jr., has been advanced to assistant vice president, commercial banking department, American Trust Company, Charlotte, N.C. He joined American Trust in 1939 and has been assistant treasurer since 1952.

# Growing Commercial Finance Industry Widens Use of Specialized Techniques

Extensive increase in the use of specialized techniques is likely this year, with the commercial finance industry confident it can meet the legitimate credit needs of industry and trade, says William J. Drake, executive secretary, National Commercial Finance Conference, Inc.

Surveying the exceptional growth of the commercial financing market, Mr. Drake reports these figures:



"In 1954 the gross amount of advances on open accounts receivable financed by commercial finance companies totaled approximately \$3.2 billions, compared with \$536 millions financed by them in 1941.

"In the ten-year period subsequent to that time volume has quadrupled; and since 1951 a further and greater period of over-all growth has taken place, with volume financed growing by some 45 per cent over the quadrupled figure. Several commercial finance companies had had more than a 100 per cent increase in gross receivables purchased over what they had in 1951. None had a shrinkage in volume.

"In the last decade the capital structure of the typical commercial finance company has increased some 300 per cent. Bank loans to commercial finance companies also have increased substantially."

#### Newer Forms of Financing

In addition to accounts receivable financing, the backbone of the industry, and inventory financing, the industry has made great advances in some newer forms of financing, such as the leasing plans on commercial and industrial equipment and machinery, the financing of mergers and acquisitions, the financing of television and motion picture programs, the financing of budget accounts, and the rediscounting of the growing volume of paper of numerous instalment loan and consumer-loan companies.

Commercial finance executives see a greatly accelerated pace in many fields in 1955, including accounts receivable, equipment, inventory and coin machine vending.

#### Modernizing Is a Factor

"Modernization of plant and equipment, as businessmen look for more efficient and lower cost methods to meet breakeven points, will increase demands for funds," Mr. Drake predicts.

"In the field of mergers and acquisitions, commercial finance company executives, who have evolved implementing techniques which have made many of the smaller and medium-sized mergers of the past year possible, believe that while federal officials, particularly the attorney general, will frown on large mergers and consolidations, they will encourage those where weak companies can be strengthened and discontinuances prevented."

#### THANK YOU!

Taking the prompt-pay account for granted, while lavishing all the time and effort on the delinquent, may be putting the "delinquency" on the other foot, that is, the credit department's. To L. P. Lockman, secretary and treasurer of the Kennedy Car Liner & Bag Company, Inc., of Shelbyville, Ind., that situation needed correction.

He obtained the name of every account which in the past year had lived up to the agreement. To each he is sending an individual letter, sincere, non-saccharine, acknowledging the Kennedy company's appreciation of the cooperation.

Names are taken in alphabetic order. Thus far, with the a's and b's completed, Mr. Lockman reports an overwhelming response in letters of appreciation.

#### Scheduled Airlines Are Not Subsidized, Says Patterson

Rebutting assertions that the scheduled trunk airlines are being subsidized by the Government, President W. A. Patterson of United Air Lines points out that the major air transport companies receive 45 cents per ton mile for carrying air mail, whereas revenue derived by the U.S. Post Office from such mail amounts to \$1.30 or three times what the airlines are paid. He concedes there has been subsidy in the case of local service airlines established in recent years by the Civil Aeronautics Board to serve communities too small for self-supporting traffic but including these instances there is no subsidy in the carrying of 98 per cent of all airmail.

President Patterson says the airlines pay substantial charges for the use of airports, relatively high rental for use of municipally constructed terminals, and have "invested many millions of dollars in construction of their own ground facilities."

Speaking in Los Angeles and answering criticism from railroads, the airline executive said that through technological progress the scheduled air transportation has increased its penetration of the long-haul passenger market from 14 per cent in 1940 to 70 per cent today. Ninety per cent of airline revenues are from passenger traffic, 4.8% from mail 3.5% from freight, and 1.8% from express.

(Mr. Patterson addressed the Credit Congress last year at San Francisco.-Ed.)

### Legal Rulings and Opinions

#### UNUSUAL DECISIONS OF THE COURTS

By Carl B. Everberg
Attorney, Woburn, Mass.

In Kansas an insured died of a brain hemorrhage occurring when he sneezed violently after sniffing accumulated whiskers which he was blowing out of his electric razor. The question was whether double indemnity could be recovered for accidental death, even if the insured may have had a pre-existing physical disease causing thinning of the walls of his blood vessels. The Court held that it was accidental, in any event. Hughes v. Provident Mut. Life Ins. Co. of Philadelphia, 258 S.W. 2nd 290. (1953).

#### Blue Cross Not Insurance Firm

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An interesting question was decided very recently by the Supreme Court of Michigan: is a hospital service organization (operating under the Blue Cross Plan) entitled to subrogation against tortfeasors whose negligence causes the injuries for which hospitalization is necessary? A subscriber, his wife and minor children, members of the Blue Cross Plan, were injured in an accident. They settled their claims and received a substantial sum of money. They refused to pay any of the settlement money to the Blue Cross organization and the latter brought suit against the subscribers, asking that they be compelled to pay to the Blue Cross organization any part of the sum received in settlement of their claim for personal injuries representing the hospital care. This was on the ground of the equitable common-law doctrine of subrogation.

Held, there was no subrogation clause in the contract, and, though the company is organized under an enabling statute, it is not engaged in the insurance business. Subrogation, when not provided for in a contract, is a right afforded insurance companies, by common law, because of the payment of the debt or obligation of another. But it does not arise in favor of one who pays the debt in performance of his own covenants. The Blue Cross organization had a primary obligation to provide hospital service, under the contract, which it fulfilled. But this does not give rise to subrogation

rights against anyone. There was a dissenting opinion (indicating a close decision and that other courts may differ with the majority opinion). Michigan Hospital Service v. Sharpe, 63 N. W. 2nd 638. (1954).

#### Denture in Shirt Pocket

The owner-driver of a car had a collision. The steering wheel broke his denture which he was carrying in his shirt pocket at the time. He suffered certain bodily injuries but there were no injuries to his mouth or gums. He sued his insurance company for failing to pay "reasonable expenses incurred for necessary medical expenses resulting from bodily injury," claiming that the loss of the denture came within the coverage for medical payments incurred in connection with bodily injuries. Ruling: the denture in this situation was an article of personal property, not a part of the body. The Court said it might have been a part of the body, though temporarily in the shirt pocket, if it had been taken out of the mouth because of pain or discomfort. But there was no proof that such was the case.

The Court added that if the insured had been wearing the denture in the mouth it would also have been different. There are other artificial appendages such as glasses, hearing aids, false eyes, leg braces and artificial legs; these may be considered parts of the body so far as bodily injuries are concerned, under such a policy, if they are in use. Yet, said the Court, the loss of a shoe would not be considered, by any stretch of the imagination, as a "medical expense." Trachtenberg v. Home Indemnity Co., 121 N. Y. S. 2nd 911. (1953).

#### Regurgitation Normal, But-

In another double indemnity suit, the insured regurgitated some food and some of it lodged in his larynx, causing death. It was held that death was the result of "external, violent and accidental means" (the terms of the policy). While regurgitation is a normal process (as distinguished from violent and accidental), when the food lodged in the windpipe in the regurgitation process it created (as the Court said) an "untoward" and "unforeseen" abnormal condition. It was the lodging of the food in the windpipe (not the regurgitation) which was contrary to nature. Peoples Life Ins. Co. v. Menard, Appellate Court of Indiana, 117 N. E. 2nd 376. (1954).



PAST PRESIDENTS AND CREDIT WOMEN shared honors at the combined dinner meeting of the Detroit Association of Credit Men and the Credit Women's Club. William A. Petzold, president 44 years ago, led the past presidents' contingent in seniority. (L to r): Past president Edgar R. Ailes, Detroit Steel Products Co. (1920); President Fred Flom, The Detroit Edison Co.; Mr. Petzold (1911); Henry H. Heimann, executive vice president, N.A.C.M.; and Detroit's past president Arthur E. Johnson (1913). Guest speaker Heimann discussed business and credit in 1955.

# Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and cost, as well as to speed production of essential office work

#### Dictation-Transcription Machine

A-184 High-fidelity recording is coupled with the convenience of transcribing on the same device with COMPTOMETER'S new OFFICE DICTATION-TRANSCRIPTION machine. Equipped with an Erase-O-Matic recording belt, which will last the life of the machine, the device can be operated without the expense of replacing belts. A Magnetic-Eraser bar makes it possible to erase old dictation in seconds by holding the bar against the belt. Instead of having to add corrections, the dictator simply reverses to where the error was made and dictates the correct words, automatically wiping out the error as the new words are recorded. By plugging in an ear set and foot control, the same machine can be used for transcribing. This machine is manufactured by the FELT & TAR-RANT MANUFACTURING COMPANY. For further information contact us.

#### New Control Board on Rails

A-185 Revolving discs which slide on rails make this visual control board easy to operate. In addition to 10 color combinations, the discs come with numerals 0 to 9 so that numbers can be accumulated in registers and projected in color bands. All units traverse the background, traveling on rails which are set into the frame. Discs in a unit revolve at the flick of a finger or pointer to indicate progress. There are 5,280 possible colors or numerals for each square foot of board area. This new control board is being manufactured by the Lansdale Products Corporation. For further information, contact us.





#### Visible Card Records

A-186 The Weatherly Index Company announces its new Visible Card Record File. All cards face the operator and are at the fingertips without a move from a seated position. The amount of exposed surface on each card permits clear, easy to read identification listings. Finger space between cards and panel permits easy selection of a de-



sired card. There are no cards on the backs of the panels. A section of the gray pocket assembly is exposed when the card is removed. This automatic place marker frees both hands for use in posting and checking. The place marker also guides the card back into position with ease. Every panel identification tab faces the operator and is in line with the eye for quick panel selection. The full surface of each tab insert is visible. Panels on either side of the center are made of light weight aluminum.

#### Container Spray Covering

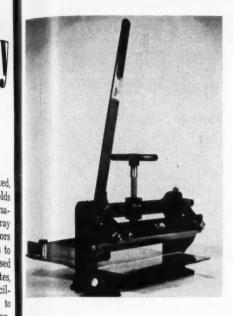
A-187 Reynolds Ink Incorporated announces a new product-Reynolds Stencil-Kover. This tan-colored material, which is also put up in a spray can, is used to cover marking errors on new containers or as a means to reuse old containers. It may be used on all types of containers: crates, boxes, cartons, drums, etc. Stencil-Kover makes it unnecessary to throw away used mismarked cartons and cases. Nor need one cover marks with tape, or block out with cravons or paint. The Stencil-Kover dries rapidly, permitting new stenciling or marking within 90 seconds.



#### All-Purpose Paper Cutter

A-188 The MICHAEL LITH COMPANY introduces its new all-purpose paper cutter to private companies, banks, insurance companies, photo finishers, schools and colleges. Any company with an offset duplicating and reproduction department can now obtain this useful professional cutter. This cutter will cut paper and trim jobs up to 14". It is engineered along the lines of a larger size cutting machine. The cutter is of all-heavy steel construction for long life. The lever is balanced for easy cutting. After each cut, when the lever

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.



is returned it is automatically locked with safety latch. The latch must be released before making each cut. The cutting table has a permanent rule so that the back gauge can be set for any size desired. Further information regarding this paper cutter upon request.

#### Book-Printer Copies in Seconds

A-189 A new service involving a CORMAC BOOK-PRINTER, which can make exact copies in seconds from the pages of any bound book, has been announced by the CORMAC IN-DUSTRIES COMPANY. This book printer was introduced by the New York Public Library. At a demonstration, library officials picked a book containing Washington's Farewell Address as the first to test the copying device, and turned out copies of the Address at the rate of one every 20 seconds. A reader now can take a book to the delivery desk, fill out an order blank, pay 30 cents and have the information he wants copied—a map, a page of text, a diagram—and handed to him in photocopy reproduction. This machine saves the reader time in note-taking or copying. This photocopy machine copies directly from bound books of any thickness, making copies margin-tomargin and clear to the binding. Contact us for further information.

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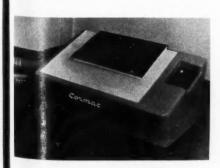
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#### "L" Shape Furniture

A-190 Itkin Brothers is representing a new line of modular units manufactured by the ARNOT-JAMESTOWN DIVISION of the Aetna Steel Products Corporation. These modules are designed for easy rearranging of furniture to keep pace with new requirements. The desks can be assembled and reassembled with only a screwdriver, eliminating unnecessary labor. The designers have innovated the "L" and "U" shapes for more space on the office floor. It is possible also to rearrange the shapes, for everything is interchangeable: tops, bases, pedestals, legs, etc. Available in steel and walnut wood, both can be used interchangeably.



#### Letter Rack Shelves Slotted

A-191 The Currier Manufacturing Company is the maker of this new letter rack. It is made with fronts of shelves slotted, or cut out for easy



access to papers. The racks come in gray, green or brown. Made of Art Sheet Steel, electrically welded at all joints, this rack will do the job right in any office.

#### A. B. Dick Forms Central Unit To Service Interstate Firms

A national account department to coordinate sales and process service to firms with offices in several states has been organized by the A. B. Dick Company, Chicago, to improve service at both national and local level.

"Under the new arrangement," reports Mathews Dick, Jr., vice president-sales, "uniform handling will be assured at all branches and plants of national accounts, yet the advantages of dealing directly with local distributors will be retained."



#### Electric Adding Calculator

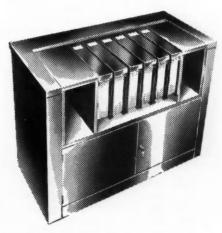
A-192 The Jolson-Everest 10-key electric adding calculator prints decimal points automatically in different pre-selected positions. It offers a direct subtraction and credit balance and simplified handling through the use of one main bar which adds, subtracts, non-adds, sub-totals and totals. Alma Office Machine Corporation reports a speed of 200 printed figures per minute results in a saving of up to 50% operating time.

"There is no better way to take the irk out of work than by putting love into it."

-W. G. Sonastine in Good Business.

#### Systematizer with 6 Stations

A-193 Introduced to the trade at the National Office Furniture Association show in Chicago was the Art Steel Company's Steelmaster Directoire. It is a telephone-catalog book systematizer that has six binder stations as a standard unit and can be expanded to a 15-binder. The sections are made of stainless steel and lifetime pressboard. Cabinets are constructed of heavy grade steel and finished in gray, green or decor colors.



# Guides to Improved Executive Operation

#### **KEEPING INFORMED**

Supplement No. 1 to the "Survey of Bank Credit to the Finance Industry and to Consumers" has been published by Robert Morris Associates, 1503 Philadelphia National Bank Bldg., 1417 Sansom St., Philadelphia 2, Pa. Copies may be had for \$2.50 each by writing to the above address.

A new 16-page brochure, entitled "Acousti-Luminus Ceiling—The Ceiling That Works For You!" describes and illustrates the latest innovation in lighting, its savings, its efficiency and high quality. The content of the booklet is broken down under several headings so that the story of the increasing use of luminous ceilings in lighting offices, stores, industrial areas, drafting rooms, financial institutions, and schools, is related with simplicity and emphasis on its unlimited advantages. Booklet sent free upon request.

A full year on-the-job course for training employees in the basic rules and practices of courteous, efficient business telephoning is now available in package form from Boyce Morgan and Associates, consultants on direct mail and telephone selling. Called FONETIPS, the program consists of a series of cards which are distributed twice monthly. Copy on cards is short, forceful, entertaining. Set up on the employees' desks or fastened to the wall, each Fonetip puts across one important lesson each time the telephone is used. For sample Fonetips and folder giving full details, write for details.

How Good Records Aid Income Tax Reporting—What records should small companies keep for tax purposes? The answers to this question and how best to use such data are to be had from a new Government leaflet which you may obtain from the nearest field office of the Small Business Administration. Free.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

#### EFFICIENCY TIPS

448—A new 12-page book is offered free of charge to hectograph users. Titled "Quality Duplicating with Hectograph," the book is filled with helpful hints and tips to owners and users of spirit duplicating machines for producing the best possible hectograph duplicated copies. Complete with photographs, this booklet is written for fast, non-technical reading. It is put out by the Columbia Ribbon & Carbon Manufacturing Company. Ask us for details.

449—Mead Paper Company is distributing a new "Portfolio of Sales Letters," which includes an attractive assortment of 12 different letterhead designs. Featured in this portfolio are the company's six suggested sales letters which are easily adaptable for use by all types of business firms. A copy of this portfolio is available on request free.

450—Meilink Steel Safe Company has issued a new eight-page catalog on its Single Door Safes. The illustrated color catalog lists construction information along with specification and dimension data on five models of the "two hour" insulated safes. We shall be glad to help you obtain a copy free.

451—Tauber Plastics, Inc., is offering free a new booklet which shows how every office can bind its own catalogs, presentations, booklets, etc., in colorful plastics for approximately 1c a book, depending upon size and quantity. It describes automatic bookbinding equipment now being used by book producers, and contains four Tauber Tubes, two in the binding and two in a cut-out pocket which you can remove and insert into the slot holes of the binding, to show how fast and easily it works. More information on request.

#### **BOOK REVIEWS**

How to Sell Your WAY INTO THE BIG MONEY—By Vincent F. Sullivan. \$3.95. The Citadel Press, 222 Fourth Ave., New York 3, N.Y.

♦ Whatever career a man selects, he will find, sooner or later, that every worth-while success requires more or less selling. Here is an encyclopedia of success for anyone, but especially for those in selling. There are chapters on how to dress, how to get along with the boss, to develop the memory, how to learn profitable psychology, and even how to achieve success in picking your wife. An introduction is contributed by James A. Farley. A splendid book, particularly for anyone who sells.

THE MANAGEMENT TEAM—Edited by Edward C. Bursk. \$4.00. Harvard University Press, Cambridge 38, Mass.

→ Many vital management questions are presented in this down-to-earth book, based on the substance of the distinguished addresses and panel discussions of the 24th National Business Conference of the Harvard Business School Association (June 1954). It's a "Must" for every actual and potential executive. Aimed primarily at providing practicable help from the experience of the speakers and the question and answer period, the material effectively explores many significant aspects of administrative process in today's management.

MUNICIPAL AND GOVERNMENT Accounting — (Third Edition). This new edition, enlarged to cover hospitals, colleges and universities, as well as accounting principles and procedures of state and local governments, counties, townships, cities, villages, school districts and special districts, covers not only revenue and expenditure accounts, but also typical balance sheet accounts of each fund. It's a "must" for anyone interested in government and/or institutional accounting. By Irving Tenner. \$8.65. (Prentice-Hall. Inc., 70 Fifth Ave., New York 11, N.Y.).

Books reviewed or mentioned in this column are not available from CREDIT AND FINAN-CIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

# CREDIT MANAGEMENT

Highlighting News Activities-National, Regional, Local

# Business Can Hold That High Note If It Avoids Abusing Credit, Heimann Cautions at Convention

BUSINESS will close 1955 on the excellent statistical and economic note sounded in the first quarter, provided the over-optimism in the human psychology of a free country does not ignore the problems that are bound to arise, Henry H. Heimann, executive vice president of the National Association of Credit Men, told the 59th Annual Credit Congress at its opening plenary session at the Conrad Hilton hotel in Chicago.

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Inc.,

"A mild excess in a free country is not without its blessing," the economist said. "A mild readjustment builds character. It is a constant reminder of the error we make in assuming prosperity or expansion is a one-way through-street. The important point is to prevent a readjustment from gathering momentum to a point where confidence is lost.

"The need of insuring our growth and prosperity today is much greater than it was a number of years ago. With the world so closely knit through modern transportation and communication, all mankind would suffer severely from a serious economic setback in America."

Necessary readjustment in automobile production sometime in the year is one of the problems Mr. Heimann cited. "It is quite unlikely we can continue producing as many automobiles as we have in the first few months." So too with the housing boom.

Potentially harmful to the economy of future years as well as 1955, he said, are the cost of government and the violation of sound credit practices, particularly by the federal government.

Mr. Heimann listed some of the public credit abuses in a series of

questions directed toward public credit managers.

"Do they know," he asked, "that easy money policies make for a stock market boom that can be highly dangerous—for an inflationary trend? Do they realize that the unbalanced budgets and easy money have depreciated the dollar to the point that in the last 15 years 131 billion dollars of purchasing power has been taken from those who had their money invested in promises to pay? Do they know that easy money works for a trend towards a social-

private credit have not been as general as in the field of public credit, but "the public credit abuse by governments has a tendency to develop private abuse of credit," to stimulate and inflate credit in all fields, he declared. Private credit, used for the individual or the industry, "is self-creating when properly administered, and adds to your reservoir of credit," whereas public credit "is generally for non-productive purposes."

Abuse of private credit "is fortunately paid for by those who

"The next time you read of those billions of dollars being spent by the government, do not turn critical eyes to Washington and start reviling your government and all its representatives. Instead, take a good look in the mirror, and you will find what is wrong with your government. You will be looking at the real culprit responsible for extravagant, costly, paternalistic and socialistic government. You want to reform your government and teach it good habits. Just start working on yourself. You hold the answer to the type of government your children will inherit."

Henry H. Heimann

istic government, for when easy money is maintained on an unbalanced budget basis we borrow from the future to pay for the present? Do they realize the danger of acquiescence in the philosophy that debt is of no consequence?"

The analyst called unfortunate the fact that public credit fields are too often influenced by political considerations, too seldom by educational programs that private commercial credit management increasingly is pursuing, through seminars, credit research clinics and courses at universities.

Violations of sound principles in

violate the rules," but "it is the citizen who pays for the bad practices of government because it has nothing with which to pay"—and public credit "is generally for non-productive purposes, as this word is understood in a business sense."

Mr. Heimann warned that safety measures demand attention to certain private credit abuses that are beginning to arise. "Some business interests are beginning to sell credit rather than merchandise. This is a stage that is usually reached before credit gets us into trouble.

"Some companies are using credit to defeat competition. They may have their product priced out of line with the competitive product, but they promote its distribution through unsound easy credit terms.

"There is today too much acceptance of credit without a determination of credit worthiness. Credit must be earned on your own record, whether you be an individual or a business. If you have no opportunity to earn it because you have not been in business, or have not sought credit, you must nevertheless possess the qualities that are conducive to building a good credit record."

Mr. Heimann noted that "recent developments in credit have entirely changed the character of banking loans in this country." Today, for example, 22 per cent of the loans of our banking system revolve around instalment credit and "if you add real estate credit you will find that 40 per cent of the bank loans are concentrated in this form of credit." He reported that "35 per cent of the gross income of banks today is received from consumer credit."

"The philosophy that there need be no adversity whatsoever in this country is false," the credit executives were told. "Periods of adversity are natural in a free country, but they do not liquidate freedom of action and thought. In a dictatorship or Communist-controlled country the people live in constant periods of adversity and do not know a decent standard of living."

Mr. Heimann declared that all history repeatedly voices a "very clear lesson" for a nation moving forward as rapidly as is our America. "That lesson is that we dare not neglect building our spiritual values in keeping with our economic progress. It is when we neglect these spiritual values that our nation and our people come on evil days."

#### Help Clients to Get Adequate Insurance, Moran Tells Agents

Pointing out that "forty-three out of every 100 businesses that have a \$500 or more fire loss do not reengage in business because of inadequate insurance, and half of the remaining 57 per cent which reengage in business are out of it within three years because of fire losses not covered," Edwin B. Moran urged Minnesota insurance agents to make certain their clients are adequately insured. The secretary and assistant executive manager of the National Association of Credit Men was guest speaker at the 18th midyear conference of the Minnesota

The best thing to save for a rainy day is a sweet disposition.— Changing Times.

Association of Insurance Agents, in Minneapolis.

Business interruption insurance was the subject of a panel discussion. "Windstorm losses have been heavy in Minnesota and have taken the lead over fire losses averaging 86 per cent to 48 per cent for fire in the five year period 1949-53," M. B. Ryon, general manager of the Fire Underwriters Inspection Bureau, Minneapolis, told the group.

#### Direct Exporting Profitable, Minneapolis Banker Shows

Hundreds of Minnesota manufacturers are finding direct exporting a profitable operation, says Lawrence A. Doherty, manager of the foreign department of First National Bank, Minneapolis, in an article headed "Export—It's Good Business," which the Minneapolis Association of Credit Men is distributing as a service to its members.

Mr. Doherty, calling his article a "primer on payment methods," describes practicably and in detail the following settlement methods: Cash with order, open account, draft against documents, and letters of credit.

In the promotion the Minneapolis Association advises its members that National's Foreign Credit Interchange Bureau "can supply information on the paying habits of your customers and particular information regarding his country."

#### E. A. Davis, U.S. Fidelity, Headed Baltimore Association

E. Asbury Davis, 84, president emeritus of the United States Fidelity & Guaranty Company, Baltimore, died after an illness of several months. He had been president for 23 years. He began his career in his father's tobacco sales concern, which later became the distributing firm of F. A. Davis & Sons, of which he was made president. He was a civic leader and had served as president of the National Association of Tobacco Distributors and as president of the Baltimore Association of Credit Men 1903-05.

#### D. F. Runyon

Delver F. Runyon, credit and collection manager of Carrier Corporation, Syracuse, N.Y., died at his home. He had been with Carrier 40 years and was a member of the Syracuse Association of Credit Men.

#### O. M. Burton, Chicago, Was Company President

Oliver M. Burton, chairman of the board of Burton-Dixie Corporation, Chicago, died at the age of 78 at his farm home near Lake Forest. He began his business career in 1895, became secretary-treasurer in 1899, and president and treasurer of the Oliver M. Burton bedding organization in 1905. He was a past president of the National Association of Bedding Manufacturers, a member of the board of the American Furniture Mart, and a member of the Illinois Manufacturers Association and the Chicago Association of Credit Men.



TOPPERS CREDIT ACHIEVEMENT AWARD is conferred on David V. Austin, vice president of Manufacturers Trust Company, New York (third from right) for constructive action and contributions to advancement of the credit profession. The sixth recipient of the Meritorious Achievement in Credit award of the Toppers Credit Club, he was given a plaque to commemorate the event, and the traditional silk topper. Among former recipients of the award were William Fraser, director, J. P. Stevens & Co., Inc., and the late Edward F. Addiss.

At the presentation which was made at the club's seventeenth anniversary dinner (l to r): Thomas McGann, assistant secretary, James Talcott, Inc.; William Bode, assistant vice president, Commercial Factors Corp.; Frank Kelly, manager of coat, suit and intimate apparel division, National Credit Office, Inc.; Mr. Austin; Howard R. Patten, assistant secretary, Meinhard & Co., Inc., and George B. Moran, vice president, The Hanover Bank, all of New York City.



PRESIDENTS, COUNCILLORS and SECRETARY MANAGERS of District No. 2 of the National Association of Credit Men meet in Newark, N. J. to plan for their Fortieth Annual Tri State Conference, at Elmira, N. Y. Oct. 13-15. Seated (l to r): T. D. McMillen, American Lumberman's Mutual Casualty Co.; V. J. Bavolar, Woburn Chemical Corp. of N. J.; J. J. Fitzpatrick, Graybar Electric Co. Inc.; A. L. Franklin, Baltimore Association of Credit Men; S. F. Sayer, First National Bank of Philadelphia; W. L. McCullough, Aluminum Company of America; Mabel A. Stanley, Albany Frosted Foods, Inc., secretary of Eastern N. Y. Association of Credit Executives; Bess R. Havens, First National Bank of Binghamton, recording secretary of Tri-State Conference District No. 2 N.A.C.M.; W. R. Dunn, General Foods Corp.; Joseph Rempe, Dun & Bradstreet, Elmira; G. H. Rothweiler, Volco Brass & Copper Co.; M. C. Price, Sherwin Williams Co.; W. Ed Foster, Shoup Owens, Inc. STANDING (l to r). Richard Phelps, Ozalid; F. C. Rimmele, Benedict-Miller, Inc.; Robert Morris, Thatcher Glass Co.; E. H. Tarbox, Pittsburgh Plate Glass Co.; A. R. Will, General Electric Alparatus Sales; H. C. Pfost, Simmons Co.; W. H. Whitney, N. J. Association of Credit Executives; C. W. Pritchard, Stromberg Calson Co.; Fred Wilson, Elmira Bank & Trust Co.; B. R. Tanner, New York Credit & Financial Management Association; A. W. Mabon, Merchants National Bank & Trust Co., Syracuse; G. J. Schatz, Commercial Factors Corp.; J. S. Thomas, Credit Men's Association of Eastern Pennsylvania; I. D. Johnson, Credit Men's Association of Western N. Y.; N. E. Adams, Buffalo Forge Co.; L. Vosberg, Fernald & Co., and G. J. Lochner, Baltimore Association of Credit Men. Not in picture: Philip J. Gray, manager, Foreign Credit Interchange Bureau, and assistant secretary, N.A.C.M.

#### Improved Standard of Living Held Key to New Prosperity

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"Improve the standard of living and new high levels of prosperity will follow. We do not need to have any sustained downswing in our economy just because defense needs are less or because inflation pressures have abated," Arno H. Johnson, vice president and director of research for the J. Walter Thompson Company, advertising agency, told a luncheon forum of the New York Credit and Financial Management Association.

"The change from a production economy, heavily influenced by government, to a consumption economy of individual enterprise places emphasis on selling and on increased efficiency in production facilities to keep consumer costs down and values high, plus a flexibility and modernization of equipment to facilitate improvements in consumer goods," Mr. Johnson said. He sees opportunity for as much as 10 per cent increase in sales in the next 18 months and a third higher standard of living by 1960 if industry meets the challenge.

#### More Commercials Outstanding

The Federal Reserve Bank of New York reports outstanding commercial and finance paper in the United States at the end of January totaled \$2,064,000,000, an increase of 7 per cent from December but down 4 per cent from the same month a year ago, with the rate on open market paper moving up an average of ½ per cent.

# CFM Invites Your Comment

"I read with interest the article in the April issue entitled 'Construction Credit Requires Special Analysis of the Financial Statements.' This was a good article but it seems to me that one very important factor in the analysis of a contractor's balance sheet was not given its due consideration.

"I refer to the matter of the socalled 'Work in Process' account which appears in most contractor's balance sheets. This account is the accumulation of costs on contracts in progress and presents a peculiar problem when the contractor's books are kept on a completed contract basis. Often there is an offsetting account to Work in Process labeled 'Advance Payments.' Sometimes this account is shown on the liability side as 'Billings against Contracts in Progress.'

"In any event, I would like to see a further discussion of this particular problem, with attention given to the effect the 'Work in Process' account has on a working capital.

C. G. KEIRSTEAD
President, The Hartford Cement
Company, Hartford, Connecticut

Readers are invited to comment on the "Work in Process" account and what it may do to working capital.— Ed.

#### Switch from News Field Leads To N.Y. Credit Presidency

"Learn how to sell yourself to Top Management," William R. Dunn advised readers of C&FM in an article

he wrote (Nov. '52) and his record reflects the practical application of his preaching. The general credit manager of the General Foods Corporation, White Plains, N.Y., who started



W. R. DUNN

his business career as an office boy on a Utica newspaper and rose to assistant city editor before he switched to credit work, has won further recognition in election to the presidency of the New York Credit and Financial Management Association. He succeeds George J. Schatz, vice president of Commercial Factors Corporation.

Mr. Dunn first went into credits with Union Carbide & Carbon Corporation in 1919, then joined General Foods in 1923 by way of the Postum company.

#### Instalment Furniture Buying Up

Forty-two retail furniture dealers doing a combined retail volume of \$54 million in 1954 anticipate that instalment buying will increase from 62 per cent of the total in 1954 to 75 or 80 per cent this year, according to a survey by Commercial Discount Corporation.

#### Ralph Johns Named Indianapolis Secretary-Executive Manager

Ralph Johns has been named secretary and executive manager of the Indianapolis Association of Credit



RALPH JOHN

Men and the Indianapolis Association of Credit Men's Service, Inc., to succeed Merritt Fields, who had served the association for 29 years until his death in March. Mr. Johns had

been general service manager of the two associations since going to Indianapolis from Cincinnati 20 years ago, and had made procedural innovations since adopted in other associations. In 1926 he organized the credit association in Kalamazoo and was its manager for eight years. Born in Evansville, he started his business career in that city with the Peoples Savings Bank and later became manager of the credit reporting department of the credit association there.

He holds the Associate and Fellow awards of the National Institute of Credit. His wife is well known for her work with young people. One son is a public school teacher; another son, a minister, is in his senior year at Louisville Presbyterian Theological Seminary; a daughter is in student work at Presbyterian Church headquarters, New York City. Mr. Johns organized the Fathers Association at Hanover College, of which his three children are graduates.

#### F. E. Barkley to 50-Year Club

F. Edward Barkley, secretary and a director, and former president of C. M. McClung & Company, Knoxville, was the subject of a profile feature in *Hardware Age* on reaching eligibility to the Hardware Age Fifty-Year Club. He started his career as an assistant bookkeeper. Mr. Barkley served as a director of the National Association of Credit Men 1932-35 and is a past president of the Knoxville Wholesale Credit Association.

#### Westinghouse 5-Year Program Increases Aid to Education

Higher-level education will receive \$5 million financial-support in the five year period 1955-60 from the Westinghouse Electric Corporation and the Westinghouse Educational Foundation, which have been in the aid-to-education field since 1919. Almost half of the total is allocated for buildings, building equipment, laboratory apparatus and operating expenses. Some \$13/4 million will go to annual scholarships, fellowships, and teaching awards, and \$900,000 to special educational activities such as scholarships for employees and their children, announced Gwilym A. Price, president of the Westinghouse Electric Corporation and trustee of the foundation.

#### Electrical Standards Lead

The total of American standards approved in 1954 was 152, bringing to 1,440 the total number now in use in the United States. The greatest number of new standards was in the electrical field. The American Standard method of recording and measuring injuries received at work, which was co-sponsored by the National Safety Council and the Accident Prevention Department of the Association of Casualty and Surety Companies, and put into effect Jan. 1, 1955, is expected ultimately to affect every business or industry.

#### M. W. Nicholson Louisville's New Secretary-Executive Manager

Maurice W. Nicholson has been named secretary and executive manager of the Louisville (Ky.) Credit

Men's Association. J. Kenneth Scoggan, who has been acting secretary since the retirement of Samuel J. Schneider last year, will continue as treasurer and manager of the



M. W. NICHOLS

adjustment department, and Robert J. Meyer as assistant secretary.

Mr. Nicholson, 46, had more than 20 years' experience in management responsibilities with Dun & Bradstreet, Inc., which he had joined upon graduation from the University of Oklahoma. He is a three-time winner of that organization's top award for best reporting, and has won several prizes for the best sales record. He began as a reporter in the Kansas City office, was transferred to Oklahoma City as manager of the reporting department there, and in 1936 advanced to office manager in charge of internal operations. In December 1941 he was assigned to direct the Springfield, Mo. office, eight months later he returned to Kansas City, this time as sales manager, and in June 1942 he was made manager of the Tulsa office. In 1944 he became district manager at Louis-

In the Louisville Chamber of Commerce Mr. Nicholson has been chairman of the membership committee for the last two years. Other memberships are Rotary, the Pendennis Club, the Sales Executive Council, and associate member of the Harvard Business School Club of Kentucky. He is a native of Des Moines, Iowa; is married and the father of one son, age 16.

#### Rainbow Hues for Checks

Six-color bank checks now in use by the United States National Bank of San Diego are not only pictorially inviting (they depict the discovery of San Diego by Juan Cabrillo) but practical as well. The complexity of the color-printing makes it almost impossible to counterfeit the checks, reports the Todd Company, Inc., Rochester, N.Y., makers of the checks. Application of ink eradicator for alteration brings to the surface otherwise invisible "void" markings.



ANNUAL POOL of experience and knowledge, the Dayton Sales Executive Club and the Dayton Association of Credit Men have their yearly joint dinner meeting, with guest speaker Meril A. May (center), vice president of Dun & Bradstreet, Inc. At the left is Ralph Negri, National-Cash Register Co., president of the Sales Executive Club; right, Charles Hoffman, The Third National Bank & Trust Co., president of the credit men's association.

### Credit Research Foundation

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# Four Goals of Efficient Credit Control Processes

UP-TO-DATE credit executives evidence much interest in modern processes of control and measurement of their departmental operations. They sense that these controls are embodied in human factors and relations as well as in material reports and standards. They see people as an important key to credit department control.

What may the credit executive expect to achieve by efficient control processes? Here are four reasonable goals:

(1) To furnish top management executives a clear concept of the value of the credit functions:

(2) To provide him with yardsticks by which he can measure the progress of his department toward the over-all objectives of his department and his company;

(3) To enable him to furnish to each employee in the department the tools and perspectives necessary to do the best possible job, and

(4) To provide him with adequate data by which he may interpret business and economic trends and thereby direct intelligently his department.

Effective credit department control takes place at the working level and not at the top. The credit executive's major contribution to the control process is through regular and well-planned reviews of control progress with his subordinates. He can influence their attitudes, establish favorable working climate, encourage freedom of thinking and discussion, and stimulate interest and initiative.

When the credit executive makes possible participation of all levels of his working staff on planning for effective controls and in interpreting operational results, he fosters good personnel relations, better understanding of the credit functions, and more efficient operation of his department.

CARL D. SMITH
Managing Director

### New Subject Series Is Introduced at Eighth Workshop; Chicago Looks to '56

The National Association of Credit Men's Credit Research Foundation conducted its eighth Credit Management Workshop at Shenango Inn, Sharon, Pa. Introduced at the Shenango Workshop was a new series, "Credit Training: For Credit Personnel; Sales Personnel; Others in Company; Customers (customer counseling)."

The next Workshop on this subject will be conducted at Arden House, Harriman, N.Y., September 26-28.



AT SHENANGO training discussions continued even during coffee breaks. (L to r): William J. Dickson, associate managing director, Credit Research Foundation; C. M. Anderson, assistant to general credit manager, Continental Can Co., Inc., New York City; Herbert E. Worrall, general credit manager, DuPont Co. of Canada Ltd., Montreal; L. B. Wilson, general credit manager, Union Carbide & Carbon Corp., New York City; W. Hayden Kuehn, director of training, Dun & Bradstreet, Inc., New York City; H. E. Butcher, general credit manager, Cities Service Oil Co., Chicago. There were 24 participants at Shenango including Dudley R. Meredith, secretary and executive manager, The Credit Association of Western Pennsylvania, Pittsburgh.

#### Chicago Association Comments on Organization Workshop

THE March issue of the "Credit NEWS Letter" published by the Chicago Association of Credit Men, which is making plans for 1956, included a special one-page illustrated insert on the Workshop which had been held at the Edgewater Beach hotel. Following are excerpts from the special page:

"The Credit Management Workshop was informative, inspiring, challenging, and, we hope, the forerunner of many more workshops of this sort in the Midwest."

"Of the 46 registrants, 21 were members of the Chicago Association of Credit Men."

"The Workshop was certainly a fruitful experience. It would be a mistake to expect such a workshop to solve any problems. However, the very fact that a person is able to express his ideas to other men with similar capacities in other companies and receive their reactions and criticisms gives one a new perspective, and, most important, brings

about thought processes not experienced in one's own office."

"I appreciated being with a group which contributed unstintingly in giving their experience and their opinions of problems under discussion on a strictly objective basis irrespective of the position that they held within the company with which they were employed. . . . I was also impressed by the type of confidential material brought to the meeting by those attending, knowing that whatever was being reviewed or whatever was said would be kept confidential."

#### Skeptic Is Convinced

"I was frankly concerned, before attending, that such a meeting might be without practical significance for the group. However, after participating, I am convinced that the workshop has tremendous value to the credit manager."

"This being the second workshop which I attended, I can only make the same statement which I made last year, namely, 'It's terrific'."

## Capital and Credit: Keystones of Business



Credit Managers "Cannot Be Salesminded and Curb Incompetence," Says Treasurer

H. C. STEWARD

Treasurer

The Whitaker Paper Co.

Cincinnati, Ohio

There can be no question as to the functions of the credit manager in any business organization, irrespective of whether the position is labeled Department of Customer Relations, Assistant Treasurer, or Vice President in Charge of Credit.

Management frequently holds the credit department in check, gives limited authority and reserves the making of important decisions. Yet to the extent that the function of the credit department is qualified, diversified or hampered, management fails to get the constructive benefits that the department can so abundantly provide.

The quest for sales has become so intent that the inclination to sweep aside every barrier has virtually become universal. We would never have our modern way of life but for tremendous sales effort. Production is equally vital. But neither Sales nor Production could ever exist without Capital and Credit.

Capital and Credit rightfully become the keystone which supports all the members of our business structure. Hence it follows that any credit manager who is required to submit his problems to some sales manager or vice president is not worthy of his office. Ninety-nine and ninetenths of all credit transactions are safe because of the concerted efforts of conscientious credit executives.

Credit failures are largely the result of incompetence, and this is one of the factors that concerns alert credit men and women. Credit managers cannot be salesminded and curb incompetence.

#### T. M. SHERMAN

BEGUN ON PAGE 22

the selection of vendors through determining their financial responsibility. It can aid the production and manufacturing departments when they are buying machinery and equipment. With the many avenues of information at its disposal it can be of service to the engineering, traffic, legal and other departments. There must be mutual purpose and cooperation threading throughout the entire company.

Second, there seems to be some stigma attached to the title of Credit Manager. Many companies have changed the title to Manager of Credit Sales, Manager of Customer Relations, Treasury Representative, and so on. All these changes have brought about favorable results. From reports, the changes do seem to provide an easier entree to the customer and to promote better customer relations. Even our own official publication makes the word Credit secondary to Financial Management.

Last, many credit managers might do well to change

their attitudes. Too many are content to assume a passive attitude. Until credit management forcefully reports its achievements to Top Management it cannot expect the recognition it deserves.

#### Credit Counsels with Sales and Treasury Branches, Is Answerable Only to Board

WALTER ERICKSON, Credit Manager, Land O'Lakes Creameries, Inc., Minneapolis, Minnesota

In our organization we try definitely to follow a middle of-the-road policy. We are not subservient to either the sales department or the treasurer's office. We try to work very closely with both divisions.

Ours is a distribution of dairy and poultry products. This means that sales are our life's blood. We try to assist our sales division in developing new prospects as well as working with old and established customers, and by the same token our sales division cooperates very closely with us. We sit in on sales meetings, visit our branch offices, and as we travel to the branches we work with both the branch manager and the branch credit manager.

The same situation applies in our relationship with the treasury department. We counsel with them and they with us on our aged trial balance. Our receivables must have a constant turnover in order that our treasurer and his staff may have the necessary operating capital available.

All this is on a strictly cooperative basis. We are answerable to only our board of directors so far as the actual record is concerned. We find this policy has worked out very nicely in our operation.

#### T. S. ROSE

BEGUN ON PAGE 23

a joint educational effort is made by both Sales and Credit to help the new customer better his credit standing. This program has proved so successful that the percentage of this type of distribution acceptance has been raised, and the program has been installed in another sales division. This is but one example of how credit can improve distribution.

Much can be accomplished by all companies whose approach to distribution is a joint assault by sales and credit managers.

#### J. J. WENSTRUP

BEGUN ON PAGE?

seeks its own level (aside from rather rare family ties, petty politics, etc.), dependent upon the importance of its operation in the overall success of the business. Where long terms must be given for large amounts to a generally risky trade, the importance of credit management comes to the fore. The converse is true as well.

The niche of credit management is therefore dependent upon the company, the industry, and the overall condition of business.

At this particular moment in the history of B. F. Good rich Chemical Company, credit properly belongs within the treasury group.



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#### Sales, Credit and Production Are Channeled via Controller

W. W. STEGMAN Controller Kroehler Mfg. Co. Naperville, Illinois

I AM INCLINED to agree with Victor C. Eggerding (assistant treasurer, Gaylord Container Corporation, St. Louis, and past president of the National Association of Credit Men) in the theory that "Credit, Sales and Production are the sides of the equilateral triangle of Management."

In our company the credit manager reports to me as controller of the company. We have a working arrangement whereunder his associates are more on the collection side. The actual credit work is done by the credit manager, but where sizable accounts or old accounts are concerned, he discusses them with me.

I am also very close to the vice president in charge of sales and merchandising, as well as the managers of the various sales divisions. When any matters arise in connection with the handling of an old account, or the opening of a new account, I discuss these with him or the sales division managers.

Then I discuss the situation with the credit manager and so take the financial as well as the sales side of the triangle into the picture at the same time.

Through weekly staff meetings at which all divisions are represented I am also aware of the production situation, which oftentimes is given serious consideration in handling the credit phases, particularly as to anticipating terms.

#### The Debaters-in-Print

- PRESIDENT O. J. ABBOTT joined The Red Dot Oil Co. in 1934 as credit man and office clerk, advancing to full-time credit manager, as the job grew with the company. Becoming secretary-treasurer in 1948, he moved up to the presidency five years later. Earlier associations were with the Texas Company, with his brother in the drug business in Salt Lake City, and with a music concern.
- K. T. BACON, with night courses in accountancy at the University of Minnesota, was for two years a bookkeeper at Minnesota Mining & Manufacturing Co., became assistant credit manager, and since 1950 has been credit executive. In the St. Paul Association of Credit Men he has been a vice president.
- 0. E. Dede, out of business colleges in St. Louis, has had a long record of association with Krey Packing Co. there, since his military service in World War I, and is the company's credit manager. He was 1943-44 president of the St. Louis Association of Credit Men.
- Walter Erickson, two years general credit manager of Land O' Lakes Creameries, Inc., Minneapolis, has been with the company since 1929. Last month he concluded a term as president of the Minneapolis Association of Credit Men, of which he has been a director four years. He is active in the National Food Manufacturers Credit Division.
- T. E. GOODRUM, credit manager of Igleheart Brothers Division, General Foods Corp., Evansville, Ind., started with the Chrysler Corp., then joined Igleheart as an accounting clerk. After

- services as supervisor of production and inventory records, assistant buyer, methods supervisor, assistant personnel manager, in 1953 he became credit manager on the death of O. C. L. Mann. He is second vice president of N.A.C.M. Tri-State Area, Inc.
- J. J. KILLACKY is general credit manager of John Sexton & Co., manufacturing wholesale grocers, Chicago. Mr. Killacky was chairman of the Food Products Wholesalers Group program at this year's Chicago Credit Congress.
- FRED C. LIVERMORE, treasurer, Kaufman Knitting Co., Minneapolis, started with Butler Brothers and advanced to district credit manager before joining Kaufman in 1950 as credit and office manager. This year he was elected treasurer. Mr. Livermore is vice president of the Minneapolis Association of Credit Men.
- G. J. Mahony, controller, Selected Investments Corp., Oklahoma City, since May 1st, has managed credits for 21 years, in addition to office management, controllership and corporate offices in several companies. The last four years with Southern Equipment Co., San Antonio, he was variously general credit manager, controller, secretary and treasurer.
- D. H. McKenzie, president of the Memphis Association of Credit Men, is treasurer and credit manager of Binswanger & Co., Memphis, which he had joined in 1944 as accountant. He was for three years cost accountant at McDonald Aircraft Corp. He has been Superzeb of the Memphis Herd of Zebras.
- T. S. Rose, assistant treasurer and credit manager of Sealed Power Corp., Muskegon, Mich., took advanced credit educational courses at Pennsylvania State College and at the N.A.C.M. Graduate School of Credit and Financial Management at Dartmouth.
- P. E. Schenck, credit manager, Container Corporation of America, Philadelphia, is a graduate of Temple University School of Commerce. Experience prior to his present work included cost accounting, credit management, sales, office management, in the textile field. He joined Container Corporation of America as assistant credit manager and next was eastern division credit manager. He is vice president of the Credit Men's Association of Eastern Pennsylvania.
- ALFRED A. SCHIRMER, general credit manager, The American Sugar Refining Co., New York, was educated at New York University and in the National Institute of Credit. Prior to 22 years of service with American Sugar Refining Co. he was affiliated with the credit departments of General Foods Corp. and Best Foods, Inc.
- T. M. SHERMAN, staff director, credit and collections, Thompson Products, Inc., Cleveland, is a graduate of the University of Pittsburgh school of business administration, took graduate work at the University of Toledo where he also lectured, and is enrolled at the Dartmouth Graduate School of Credit and Financial Management. He became associated with Thompson Products, Inc., in 1939 when he joined the subsidiary Toledo Steel Products Co. as assistant credit manager. He is past president of the Toledo Association of Credit Men.
- W. W. STEGMAN, controller, Kroehler Mfg. Co., Naperville, Ill., is a graduate of Northwestern University and began as an accountant with Arthur Anderson & Co., Chicago. He joined Kroehler in 1943 after 13 years as controller and vice president of Wilson Brothers.
- H. C. STEWARD is the treasurer of The Whitaker Paper Co., Cincinnati. At one time in his career he had the experience of teaching at the University of Cincinnati and the Y.M.C.A. College.
- J. J. WENSTRUP, third year member of the Graduate School of Credit and Financial Management, is credit manager of the B. F. Goodrich Chemical Co., Division of The B. F. Goodrich Co., Cleveland. He is a graduate of Xavier University school of business administration.

#### CALENDAR OF EVENTS IMPORTANT TO CREDIT

STANFORD, CALIFORNIA

July 3-16

Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management

HANOVER, NEW HAMPSHIRE

July 31-August 13

Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management

DULUTH, MINNESOTA

September 16-17

Annual North Central Credit Conference, including Minnesota, North and South Dakota, and Winnipeg

DES MOINES, IOWA

September 14-15-16

Annual Tri-State Conference, covering Iowa, Nebraska and South Dakota

SAN FRANCISCO, CALIFORNIA

October 5-6-7

Pacific Southwest Annual Credit Conference

ELMIRA, NEW YORK

October 13-14-15

Annual Tri-State Conference comprising New York, New Jersey, Eastern Pennsylvania, District of Columbia, Delaware, Maryland and Virginia

MADISON, WISCONSIN

October 18

Wisconsin Annual State Credit Conference

CHICAGO, ILLINOIS

October 19

Illinois Fall Regional Conference

WICHITA, KANSAS

October 19-20-21

Quad-State Annual Credit Conference, including Kansas, Missouri, Southern Illinois and Oklahoma. FORT WORTH, TEXAS

October 20-21-22

Annual Southwest Credit Conference, covering Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona

HARTFORD, CONNECTICUT

October 26-27

Annual New England District Credit Conference, covering Connecticut, Rhode Island, Massachusetts, Maine, New Hampshire, Vermont.

JACKSONVILLE, FLORIDA

October 26-27-28

Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana.

PITTSBURGH, PENNSYLVANIA

October 27-28

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, and Eastern Michigan

PITTSBURGH, PENNSYLVANIA

October 28-29-30

Midwest Credit Women's Conference

DALLAS, TEXAS

November 13-16

Robert Morris Associates' Fall Conference

CLEVELAND, OHIO

November 14-15-16

Annual American Petroleum Credit Association Conference.

#### Credit Executive Kranelly Is Voted Alameda (Calif.) Mayor

Raymond P. Kranelly, 46, credit manager, Doughnut Corporation of America, Oakland, a freshman member of the Alameda (Calif.) city council, has moved up to mayor. He was elected by unanimous vote of the council. Mr. Kranelly is a member of the Credit Research Foundation Graduate School of Credit and Financial Management at Stanford University, class of '55.

#### Arthur Fuchs Again Heads Paint Industry Credit Unit

ARTHUR FUCHS, credit manager of the National Lead Company, New York office, has been elected

president of the Paint & Allied Industries Credit Association. He previously had served as president in 1946. Mr. Fuchs has been active for more than 25 years in the group, affiliated with the



Arthur Fuchs

New York Credit & Financial Management Association. He also is a member of the credits and collections committee of the New York Paint, Varnish and Lacquer Association.

Other officers elected are: Harry F. Forster, Keystone Paint & Varnish Corporation, first vice president; Daniel D. Kane, Central Paint & Varnish Works, Inc., second vice president; William Rohs, Colonial Works, treasurer. All are of Brooklyn.

The group honored Martin B. Weinstock, secretary-treasurer of M. J. Merkin Paint Company, New York City, the retiring president.

#### It's Psycho-Economic Now; Individualism on Increase

Human motivations, "more often irrational than logical," crisscross and merge with the whole field of purchase and sale, production and consumption, supply and demand, in this "psycho-economic age," Dr. Ernest Dichter, president of The Institute for Research in Mass Motivation, told the American Marketing Association, meeting in Boston.

In almost 500 studies and more than 100,000 case histories, Dr. Dichter declared, "we have found that the irrational, the motivational is decisive, as against the purely economic and rational factors. The consumer wants his world to be warmly individualistic."

#### 2,175 More Credit Unions

New credit unions organized in 1954 numbered 2,175, bringing to 19,880 the total number in the Western Hemisphere, reports Thomas W. Doig, managing director of the Credit Union National Association, Madison, Wis. Members increased from 8,240,000 to 9,200,000. Total outstanding loans as of Dec. 31, 1954 were \$1,792,000,000.

# MANAGEMENT IN THE NEWS

Chicago's President is Patron Of Credit Education and Music

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Leland T. Hadley, since 1929 general credit manager of Goodman Manufacturing Company, Chicago, recently was advanced to assistant secretary of the company. Now he has been honored with election as president of The Chicago Association of Credit Men. Since joining the Goodman organization in 1920, he has built an impressive structure of credit achievement. He has served as lecturer and instructor in credit and finance at N.A.C.M. graduate schools of credit and financial management at Babson Institute and the University of Wisconsin, also at Loyola University and the Central Y.M.C.A. College, Chicago. This year he was chairman of the executive committee for the 59th Credit Congress at Chicago. Mr. Hadley is a graduate of Earlham College and the University of Chicago law school. He holds a certificate of advanced accounting, Walton School of Commerce, and is a Fellow of the National Institute of Credit.

A serious musician (first cello in the South Side symphony orchestra for eleven years), Mr. Hadley has served as president, director and currently is treasurer of the South Side Music Association, Chicago.

#### Alabama Bank Official Maps Interchange Leadership Role

Resolved to maintain the prestige of the Alabama Association of Credit Executives for "the best credit interchange reports in the United States," the new president of the Birmingham association, Julian L. Mason, Jr., thus reveals his leadership strategy. The vice president of The First National Bank of Birmingham is a Phi Beta Kappa man. He entered the Army a second lieutenant and advanced to lieutenant colonel. He went with the First National Bank on graduation from Birmingham Southern College (A.B., 1938).

#### Bookkeeper to Vice President Traces Her Management Aims

From bookkeeper to vice president of an electrical transformer manufacturing company in 15 years is the saga of June L. Crowell, who has been appointed vice president of the R. E. Uptegraff Manufacturing Company, Scottdale, Pa. She holds the additional post of treasurer and is responsible for all financial operations and credit decisions.

She is past president of the Pittsburgh Credit Women's Club, graduate of the N.A.C.M. school at Dartmouth.

#### Philadelphian Takes On Baker's Dozen of Civic-Credit Trusts

His membership in a long list of civic, business and professional societies has augmented, not lessened, William A. Hess's activity in behalf of each. Latest recognition has come in election to the presidency of The Credit Men's Association of Eastern Pennsylvania. A native of Philadelphia, Mr. Hess's entire business career has been there with the private banking firm Brown Brothers Harriman & Company, with whom he began in 1921 in the foreign department, transferred to credits and advanced to assistant manager, then manager, the post he now holds.

Mr. Hess has been president of the Philadelphia Chapter, Robert Morris Associates.

#### Honor Proves Reciprocal Play Of His Sales-Credit Resources

Paul H. Salzsieder, 36-year-old office manager and sales representative of the Oshkosh Paper Company, Oshkosh, Wis., recently was elected president of the Central Wisconsin Association of Credit Men. Active in community and church interests he has served as an officer and director of the Junior Chamber of Commerce.

#### Professional Activity Paces Seattle Banker's Advancement

E. L. Blaine, Jr., vice president of Peoples National Bank of Washington, Seattle, since 1935, and a director, has been promoted to senior vice president, in charge of the bank's main office. Mr. Blaine has served as president of the National Association of Credit Men (1946-47), as president of the Seattle Chapter, American Institute of Banking, and as president of the Seattle Association of Credit Men. Other professional activities include the Northwest Council of Credit Men. national director, vice president and chairman of the membership committee, N.A.C.M., president of the World Affairs Council of Seattle and vice president of the Seattle Historical Society. He has been active in business and banking since his graduation from the University of Washington in 1922.

### Realty Management Training Is Pillar of Credit Career

If "one father is more than a hundred schoolmasters," then the early business training in property management under the guidance of the senior Phelps may be credited with giving an invaluable core of experience to the son, Richard W. Phelps, now president of The Triple Cities Association of Credit Men and credit manager of the Ozalid Division, General Aniline & Film Corporation, Johnson City, N.Y. Richard Phelps seemed destined for a realty career when he reentered that field after graduation from Wheaton College, Ill., although insight into other areas had been gathered during college vacation when he worked for the Ford Motor Company, Detroit. Joining the Ozalid Division of General Aniline in the accounting department in 1942 charted his course, interrupted by Navy service.



JUNE L. CROWELL



L. T. HADLEY



R. W. PHELPS



P. H. SALZSIEDER



J. L. MASON, JR.



W. A. HESS



E. L. BLAINE, JR.

# CREDIT AND FINANCIAL REPORTER

### Brief Items on Credit Activities and Meetings

CHARLOTTE, N.C.—E. B. Moran, then secretary and assistant executive manager, N.A.C.M., was principal speaker at the meeting of the Wholesale Credit Association of the Carolinas.

PROVIDENCE, R.I.—"Are Credits a Part of Accounting or Distribution?" was the topic of E. B. Moran, as secretary, assistant executive manager, N.A.C.M., at the dinner meeting of the Rhode Island Association of Credit Men.

Tampa, Fla.—Members of the Florida Gulf Coast Unit, N.A.C.M., heard executive vice president Henry H. Heimann, of the National Association of Credit Men, in a discussion of economic conditions.

COLUMBUS, OHIO—Henry H. Heimann, executive vice president, N.A.C.M., speaking before the Columbus Credit Association on business conditions, gave the government's easy money policy as the principal reason for the stock market advance, for "people are driven to stock investments to get a fair or adequate return on their money."

At the Bosses' Night dinner meeting, guest speaker C. Herbert Bradshaw, general credit manager, Bausch & Lomb Optical Co., Rochester, N.Y., represented the national association

Dallas, Texas—J. C. Riser, past president and an honorary life member of The Dallas Wholesale Credit Managers Association, was guest speaker at a luncheon session of the association. At a subsequent meeting William Gephart, district manager, Southwestern Bell Telephone Co., explained how collections are handled there.

CINCINNATI, OHIO—Highlights of conditions in each industry were given by these representatives of appliance, building, food, steel and textile companies who took part in the forum discussion of the Cincinnati Association of Credit Men: Max Sonenschein, Ohio Appliances, Inc.; W. H. Breeden, Snook Veith Lumber Co.; Herbert Oldham, E.



CHOSEN to direct the activities of the recently organized Baltimore Credit Women's Club of the Baltimore Association of Credit Men, these officers are active at the job of guiding the group through its first year. (I to r): Elizabeth Mills, Recipe Foods, president; Katherine Sadler, Miller Chemical & Fertilizer Co., vice president; Catherine Dunning, Moss, Inc., recording secretary; Peggy Gettle, Baltimore Association of Credit Men, corresponding secretary; Helen Helmer, Maryland Hotel Supply, treasurer.

Kahn's Sons Co.; Robert A. Nunlist, Armco Steel Corp., and S. Salzwas, United Knitwear, Inc.

Howard C. Hiland, internal revenue agent, field auditing division, discussed changes in the tax law and James A. Nickerson and George Schmidlin, Jr., both of Trailmobile, Inc., discussed "Conditional Sales Contracts and Chattel Mortgages" at subsequent meetings.

New York, N.Y.—Financial editors who participated in a forum on the business outlook arranged by the New York Credit & Financial Management Association and the New York Institute of Credit were: Donald I. Rogers, business and financial editor, New York Herald Tribune; Herbert Koshetz, business news columnist, The New York Times; Alfred Russell, financial writer, New York World-Telegram & The Sun, and Allan F. Hussey, senior editor, Financial World. The moderator, Benjamin Gordon, business consultant, U.S. Department of Commerce, was introduced by Mortimer J. Davis, executive vice president of the association.

AKRON, OHIO—Dr. Addison T. Cutler, banking economist, discussed activities of the Federal Reserve system affecting credit, at the meeting of the Akron Association of Credit Men.

MIAMI, FLA.—A joint luncheon meeting of the Coral Gables Rotary Club and the South Florida Unit, N.A.C.M., heard a talk on the business outlook by Henry H. Heimann, executive vice president, National Association of Credit Men.

CHICAGO, ILL.—"Insurance—A Safeguard for the Credit Executive" was a forum topic of the Chicago Association of Credit Men. Orville B. Tearney, manager of credits and corporate insurance, Inland Steel Co., was moderator. The insurance experts who participated, and their subjects: James A. Davidson, assistant manager, Factory Insurance Association, "Fire and Supplementary Coverages"; James H. Kennedy, assistant director of agents, Zurich General Accident and Liability Insurance Co., Ltd., "Public Liability"; John S. Perry, assistant manager, marine department, Fireman's Fund Insurance Group, "Inland Marine Coverages"; and A. J. Reid, manager, bond department, Continental Casualty Co., "Surety Bonds."

DULUTH, MINN.—"What Management Expects of the Credit Department" was the topic of Clarence J. Swalen, secretary-treasurer, Pako Corporation, National director and a past president of the Minneapolis association, at the meeting of the Duluth-Superior District Credit Association.

Grand Rapids, Mich.—"Ryp's Tips on Gyps" was the subject of Alfred H. Rypstra, manager of the Better Business Bureau, at the noon meeting of the Grand Rapids Association of Credit Men. James E. Spindle, general manager, production and pipeline district, Michigan Consolidated Gas Co., discussed cross-country transmission of natural gas and showed a sound-color film.

MILWAUKEE, WIS.—F.B.I. special agent Albert MacDonald discussed items under investigation of interest to credit management, at the Milwaukee Association of Credit Men luncheon meeting.

New Orleans, La.—Charles Pearson, Jr., district manager of the Southern Bell Telephone & Telegraph Co., was guest speaker at the New Orleans Credit Men's Association meeting. His subject was "The Miracle of Microwaves."